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India's Atomic Tests Revive Old Fears

2 Phone Giants Reunite Amid Wave of U.S. Deals

High Stock Prices Finance a Takeover Spree

By Mitchell Martin rnotional Herald Tribune

NEW YORK - In a deal that would reunite a large part of the former Bell System, SBC Communications Inc. said Monday it would buy Ameritech Corp. for about \$65 billion. It was the second-higgest takeover in history and one of a spate of Wall Street deals announced Monday that featured companies using their own shares as currency.

The offer by SBC, formerly Snuth-western Bell, for Ameritech was the most contentious of the announcements as well as the biggest, trailing only the pending takeover of Citicorp hy Travelers Group Inc. among all acquisitions. If it clears regulatory burdles, it will reduce the number of regional Bell operatiog companies to four from the original seven. The combined company would form the largest U.S. local phone-service provider and be represented in 19 countries ontside the United States.

The deal was among more than \$80 billion of takeovers being financed

	The Dollar	
New York	Montay @ 4 P.M.	previous close
DM	1.776	1.7694
Pound	1,6293	1.6355
Yen	132.835	132,845
FF	5.9585	5.9327
	.The Dow	
****	Monday close	previous close
+36.37	9091.52	9055.15
	S&P 500	
change	Monday @ 4 P.M.	previous dose

Agence France-Presse

born at the end of this decade will live to

toast the dawn of the 22d century, the

World Health Organization predicted

By 2025, global average life expect-

ancy will top 73 years, compared to 66 now, and in 26 countries it will reach 80,

the organizatioo's annual health report

and Sweden can expect to live an average

of 82 years. In Australia, Canada, France, Spain and Switzerland, average

A person born in Iceland, Italy, Japan

GENEVA -- Thousands of people

with stock rather than cash, indicating that the acquiring companies think their shares are highly valued. Yet investors showed linke fear that the market was reaching a 10p, and stock prices rose. The Dow Jones industrial average closed 36.37 points higher at

Other acquisitions announced Monday included:

 Jefferson Smurfit Corp.'s \$6.5 hillion hid for Stone Contaioer Corp., which would form the world's largest

paper-packaging company.

Baker Hughes Inc.'s \$6.16 billion offer for Western Atlas Inc., an effort to create an oil-field services company that could help drillers at all stages of production, Western Atlas, spun off by Linon Industries Inc. four years ago, would add exploration capabilities to Baker Hugbes's products

for existing energy projects.

• Monsanto Co. 's planned \$4.3 hillion takeovers of two seed companies, Dekalh Genetics Co., of which it already owns 40 percent, and Delta & Pine Land Co. The \$2.5 billion, equal to \$100 a share, that Monsanto is planning to pay for Dekalh represented the only cash deal among the deals announced Monday. The pur-chases would enhance Monsanto's presence in the market for genetically enhanced seeds.

It also was widely reported that Seagram Co., owner of the MCA Inc. music and movie company, was close to an agreement to huy PolyGram NV. the Dutch entertainment company controlled by Philips Electronics NV. PolyGram's stock rose about 5 percent Monday, giving it a marker value

See DEALS, Page 14

organization predicted. France, for one.

is projected to bave 150,000 centenarians

The average Chinese will live to 75, a Russian 72 and an Indian 71.

New head of WHO targets

smoking's lure to youths. Page 10.

mainly African countries, with the av-

erage life expectancy in Guinea Bissau

people over 65 is likely to grow by about

one million a month from 390 million

In the next 25 years, the number of

at 56 years and in Sierra Leone, 51.

At the bottom of the rankings are

by 2050, compared to 200 in 1950.



Prime Minister Atal Behari Vajpayee announcing the tests Monday.

AFGHAN.

PAKISTAN New

Show of Strategic Strength Meant to Silence Doubters

By Kenneth J. Cooper Vashine ton Past Service

NEW DELHI - India on Monday conducted three underground nuclear tests, the nation's first since 1974, escalating a strategic arms race with its regional arch-rival Pakistan and exposing India to possible U.S. sanctions under a nonproliferation treaty.

A coalition government led by Hindu nationalists made the show of strategic strength a month after Pakistan successfully tested a ballistic missile capable of striking India's major cities and a week after Defense Minister George Fernandes identified another neighbor, China, as the principal military threat to India.

Since the end of the Cold War, many U.S. analysts bave described the Indian subcontinent as the world's likeliest nuclear flashpoint because of enduring tensions between predominantly Hindu India and the Islamic republic of Pakistan, Both nations have nuclear capabilities, although Pakistan has never exploded a nuclear device.

After Prime Minister Atal Bihari Vajpayee announced the tests in a brief statement that did not explain why they had been conducted, his top aide indicated that the simultaneous explo-

July 29, 1996

June 8, 1996

sions 530 kilometers (330 miles) south-west of New Delhi near the Pakistani border had been intended to remove any doubt about India's capacity to build

nuclear weapons.
Previously, India has said its ouclear program was for peaceful purposes and spoke only of keeping open the option to make strategic weapons if they were needed to assure national security.
"These tests have established that

India has a proven capability for a weaponized nuclear program," said Brajesh Mishra, a Vajpayee aide, "They also provide a valuable database which is useful in the design of nuclear weapons of different yields for different applications and for different delivery systems.

The announcement of India's tests brought condemnation from the United States and from Pakistan

Pakistan strongly condemns this Indian act, and the entire world should condemn it," Foreign Minister Gohar Ayuh Khan told Reuters news agency, "It has sucked Pakistan into an arms

"The United States is deeply dis-appointed by the decision of the gov-

See NUCLEAR, Page 4

Subcontinent Starts Sliding Into an Arms Race

China

China

Nuclear Testing in the 1990s

CHINA

Dismayed, U.S. **Studies Sanctions**

By Brian Knowlton

WASHINGTON - The United States reacted with sbock and dismay Monday to the surprise tests by India of three nuclear devices, a move that might require President Bill Clinton to impose sweeping sanctions.

The president is deeply distressed

by the announcement of three nuclear tests," said Michael McCurry, the White House spokesman. "He has authorized a formal presentation of our displeasure to be made to the government in New Delhi.

Mr. McCurry said that the United States was "deeply disappointed by the decision of the government of India."
He added, "This runs counter to the effort the international community is

making to promulgate a comprehensive ban on such testing. U.S. officials expressed concern that the tests could sharpen Indiao tensions with Pakistan and China, provoke a

regional arms race and set back the cause of nonproliferation. Administration analysts were scrambling for information on the tests and

examining how U.S. sanctions laws might apply.

Under the Arms Export Cootrol Act, such tests by a nondeclared nuclear weapons state, if confirmed by the pres-

ident, ohlige him to suspend foreign aid and military assistance, bar sales of military and other nonhumanitarian exports, vote against the country in in-ternational financial institutions and prohibit U.S. banks from making loans to the country's government, except for ngricultural purchases.

The president can waive the sanctions

if he determines them to be against U.S. national security, but Congress, certain to be angered by the tests, bas the pos-sibility of overriding the waiver. James Ruhin, the State Department

spokesman, said the sanctions laws were being examined. He added, "We strongly urge Pakistan to refrain from responding

with a nuclear test of its own." It was unclear whether a visit hy Mr. Clinton to India and Pakistan, scheduled See SANCTIONS, Page 4

China

Jan. 27, 1996 France France Dec. 27, 1995 RAJASTHAN France Nov. 21, 1995 Oct. 27, 1995 France Oct. 1, 1995 France INDIA France Sept. 5, 1995 China Aug. 17, 1995 May 17, 1995 Sept. 23, 1992 Latest U.S. test: Latest Soviet test: Oct. 24, 1990 Latest British test: Nov. 26, 1991 Nuclear Tests From 1945 to 1996

Megatormage expended in nuclear tests by the declared nuclear weapons states. A megaton is an explosive force equivalent to 1 million tons of TNT. India, Pakistan and Israel have not officially declared nuclear weapons Underground

United States	141	. 38	179	SEO.T
Soviet Union	247	38	285	.745
Britain	8	0.9	8.9	45
France	10	. 4	14	210
China	21.9	1.5	23.4	44
Total	427.9	82.4	510.3	2,046
numes: Natural Beson	nee Defende Cour	oil: The Bulletin of th	a Atomia Scient	icto DIT

AGENDA

Exit Polls in Philippines Favor Estrada

lots Monday for president, vice president and 17,000 other local and national officials.

Early exit polls supported pre-election predictions that the country's next leader will be Vice President Joseph Estrada, 61, a former actor and

From Drug Lota to I	Near Prosperity
SPECIAL REPORT	Pages 19-21.
Private Banking	

Millions of Filipinos cast their bal- college dropout who is popular among poor people but derided among the nation's elite as ignorant and incompetent.
"It is the revenge of the masses,

said Joel Rocamora, a former leftist revolutionary who now heads a political think tank. Page 4.

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rossword	
pinion	Pages 8-9.
ports	
The IHT on-line	www.iht.com

Pakistanis Clamor To Test Own Weapons 🦠

Compiled to the Suff From Disputites ISLAMABAD, Pakistan - Foreign Minister Gohar Ayub Khan of Pakistan said Monday that nuclear testing hy India was sucking his country into a ouclear arms race and vowed to make Pakistani defenses "impregnable against any Indian threat, be it nuclear of

conventional." Mr. Gohar Ayub stopped short of saying that Pakistan would conduct a ouclear test of its own, but be said. "Pakistan reserves the right to take all

appropriate measures for its security." "The responsibility for dealing a death blow to the global efforts at nnclear nonproliferation rests squarely

with India," he said. Even before the new Indian tests,. pressure was mounting from rightist Islamic parties for Islamabad to conduct a nuclear test and put a nuclear bomh into

"We have now to show that we have a counterregional bomb." Hamid Gul, a former head of the Pakistani secret service, said Monday. "All the Muslim countries are vulnerable to India's ambirlons that are driving it toward the

Gulf and Central Asia. India and Pakistan have fought three wars since the Asian Subcontinent gained its independence in 1947. The two neighbors came dangerously close to a fourth, possibly ouclear, confrontation in 1990 over the disputed state of Kashmir, the flash point of two previous wars.

Mr. Gohar Ayub complained that the West had failed to use its diplomatic and financial muscle to force India's new Hindu nationalist government to exer-"We have been sucked into nuclear

weapons race and a missile race which has been forced upon ns," be said on television.

"I condemn this very strongly and the international community and world must condemn this very strongly and put sanctions against India because now they are more or less trying to say, 'To hell with you,' "he said.

Referring to the tests, he added, "I say very clearly that they have been encouraged by the lackluster, very mild cautionary noies to India," he said.

See PAKISTAN, Page 4

More Voices Join the Cry For Suharto to Step Down tions. Indonesia is the world's largest Muslim country.

life expectancy will reach 81, while Germany, the United Kingdom and the United States will manage 80 years, the

Lots of Old People Born Today

Life Expectancy to Rise Many Years Over the Next Century

By Cindy Shiner
Washington Pest Service

JAKARTA - A prominent Muslim leader and opposition figure on Monday called on President Subarto of Indonesia to step down, a move that may further energize student demonstrators who have been pressing the 76-year-old general to leave power. There is no choice other than to step down and let other people take a chance

to form a new government," Amien

Rais told thousands of followers in a

packed sports arena here, to thunderous Mr. Rais, who has presidential aspirations of his own, leads the 28-million-strong Muhammadiyah move-ment, which is the smaller but more progressive and wide-reaching of In-donesia's two main Islamic organiza-

Newsstand Prices
Andorra



[Separately, a group of retired generals and politicians issued a statement urging the pro-Suharto assembly that named him to a seventh five-year term in March to revoke the appointment, The Associated Press reported from [Ali Sadikin, a retired three-star ger

eral, said at a news conference that Mr. Suharto's government had for too long used "state money for personal interests" and abused its power.]

Earlier this year, Mr. Rais said he would give Mr. Suharto six months to prove be was commined to carrying out economic reforms as part of a \$43-billion rescue package by the Interna-tional Monetary Fund. But the mo-mentum of calls for polinical change has outpaced demands to mend the economy, with a growing number of people saying they no longer believe the situation will improve until Mr. Suharto

Mr. Rais said a change in leadership was the only way to avoid bloodshed following more than two months of studeot demonstrations that have grown increasingly violent. The protests in-directly led to rioting in two cities earlier this month, claiming at least seven

"I'm afraid that the situation is developing very, very fast and probably everything will be out of control unless Suharto comes down to earth and has

See SUHARTO, Page 10

50 Years Ago, Hungry Berlin Looked Skyward

By William Drozdiak

BERLIN - Fifty years later, Herbert Monien still hears the low rumble of the American plane bearing a precious cargo of sugar as it dropped out of the clouds on a freezing November night. He still sees the flash of fire when the craft overshot the runway and crashed

into a warehouse at Tempelhof Airport. Mr. Monien, now 83, remembers the agonizing groans as he rushed to help the crew. "They were screaming like crazy," he said. 'I dragged out the pilot and plunged him into a nearby water tank. Then I went back and got the other two crewmen. They all had third-degree burns, but I got them to the hospital in time to save their lives."

At the time, Mr. Monien was in charge of mon-

airlifting to 2 million residents of West Berlin who were stranded when the Soviet Army cut off ground access to their island of freedom in 1948. The blockade lasted 462 days and was one of the defining moments in the early days of the Cold War.

When President Bill Clinton visits Tempelhof on Wednesday at the start of a European trip, he will pay

tribute to the heroic actions of Mr. Monien and countless others who ensured the success of history's greatest humanitarian air rescue, li is an achievement that for many Berliners symbolized how the United States would stand by newly democratic allies who only three years earlier were regarded as mortal en-

The statistics alone attest to an amazing logistical feat. More than 2.3 million tons of food, fuel and

medicine were delivered to Tempelhof and two other makeshift airfields to sustain the Western enclave 180 kilometers (110 miles) inside the Soviet-occupied zone of Germany. U.S. and British planes, with crews mobilized for round-the-clock service, flew 278,000

At the peak of the airlift, planes were taking off and landing every 30 seconds.

The crisis erupted in spring 1948 when the Soviet Army began disrupting the flow of troops and supplies by the three Western Allies, the United States, France and Britain, to their occupation sectors in West Berlin, When West Germany introduced its new currency, the Deutsche mark, on June 24, the Russians closed off all ground routes to force the allies to abandon their

See AIRLIFT, Page 10

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Still Suspected by U.S./ Former Opium Warlord in Burma

Mr. Lo Insists That He Deals Cars, Not Drugs

By Christopher S. Wren
New York Times Service

ANGOON -- Chauffeured about town in his gleaming white sedan, Lo Hsing-han befits his reputation as one of the most influential businessmen in Burma.

A business card identifies him as chairman of Asia World Co., a conglomerate managed by his son, Steven Law. Their commercial empire includes jade, ruby and teak concessions, real estate in Rangoon, its renovated port facilities, a container-shipping business and toll booths on the resurfaced Burma Road winding north to the Chinese border.

Mr. Lo has traveled far from his bare-knuckle origins as an opium warlord of the Golden Triangle in the early 1960s, when U.S. drug officials linked him to much of the heroin winding up on the streets of American cities. He later survived seven years in a Burmese prison under seotence of death for treason, but after his release in 1980 he earned the government's gratitude for brokering a critical cease-fire with ethnic insurgents in 1989.

Now. Mr. Lo says, there is more profit in selling cars across the Chinese border than in smuggling

drugs.

The United States views Mr. Lo's prosperity as evidence that the Burmese economy is awash in laundered drug money and that its military junta has encouraged investment of drugs money in its development projects.

"Drug traffickers who once speot their days leading mule trains down jungle paths are now leading lights in Burma's new market economy and leading figures in its new political order," Secretary of State Madeleine Albright told the Association of South East Asian Nations, known as ASEAN, in Kuala Lumpur last July.

Proving any current complicity by Mr. Lo is more difficult. "There are no smoking guns, no evidence linking him to any investigation whatsoever" at present, a Western official who follows narcotics

At the age of 64, Mr. Lo has not lost the nerve that helped him thrive in the opium trade. Told that several American reporters wanted to interview him, he invited them to dinner. He denied any involvement now in trafficking or money laun-

"I welcome the whole world to iovestigate me," Mr. Lo said, promising \$5,000 to anyone who could link him to drugs in the last 25 years.

ARELY glancing at his diamond-studded gold Rolex wristwatch, Mr. Lo fielded questions in Chinese while his chopsticks poked at a succession of dishes.

He reminisced about the late 1960s and early 1970s when his opium-laden mule caravans stretched several miles across the mountainsides and ravines of Kokang, his ethnic Chinese home

region in northeast Burma. What drove him, he contends, was not greed but benevolent concern for Kokang's struggling poppy

"I don't bother about eating, drinking or traveling," he said. "My whole life has been spent just helping the poor." Mr. Lo is hardly the only reputed drug traf-ficker to succeed in business in Burma. Khun Sa, the world's biggest heroin producer, sur-rendered his rebel Shan army in January 1996 and moved into a villa in a government military compound in Rangoon.

The Burmese government refuses to extradite Khun Sa to the United States, where he has been indicted for trying to smuggle 3,500 pounds (1,600 kilograms) of heroin into New York. He has described himself as a real estate agent and his investments are said to include a new resort casino and a bus route between Rangoon and Mandalay.

R. LO'S drug career began when he commanded a home guard unit battling Communist insurgents. The only way to equip and feed his troops, he said, was through the opium trade. "In the Kokang mountains, people earned their living from poppy for over 100 years, he said. 'Over that period, poppy-growing and trading were legal. It was the only income for

As he tells it, rival traffickers demanded commissions of 25 percept or 30 percent to take the opium for refining in Thailand. He undercut them by charging 20 percent

1973, Mr. Lo said, he moved 10 to 20 tons of opium to the Thai border, using his owo troops and 800 to 1,000 mules for each convoy. "It stretched out for three miles," he said. "If it went smoothly, it took

He waved aside questions about how much he earned, "I was working for the Kokang people and the poor people who were looking for a way to sell their product," he said. "I did so much for them, and I felt it was honorable."

When the government ordered him to disband his troops, Mr. Lo refused. "The Kokang people needed the opium market," he said. "I was their sole agent, so the Kokang farmers got a reasonable price.

In 1973 he was lured across the Thai border, captured, extradited to Rangoon and sentenced to death. "I didn't think any harm would come to me," he said. "The government didn't charge me with opium trafficking. They charged me with treason and violating socialist economic law."

He served a month short of seven years in prison before being released in a 1980 amnesty. Mr. Lo opened a bakery in Rangoon, raised livestock in Lashio and mined precious stones, using what he explained were family loans, not drug profits.





'I welcome the whole world to investigate me,' says Lo Hsinghan, now a leading Burmese businessman. He promises \$5,000 to anyone who can link him to drugs in the last 25 years.

In 1989, he persuaded Peng Jiasheng, who led Kokang's rebel army, to accept a truce with the military junta. The junta rewarded Mr. Lo with

choice gem and timber concessions.

Since then, he said, "I have done a lot of importexport business, and also Chinese-border trade," delivering new cars from Rangoon to China's Yunnan Province. Mr. Lo described his Asia World company as "doing quite well" with an annual profit somewhere "over \$1 million." He declined to say how much more.

He said he did not need to traffic in drugs now. "Since the market economy appeared in Burma, it is easier to earn money trading vehicles on the Chinese border." he said. He estimated that he turns a profit

of \$2,500 on every car he sells to the Chinese.
Colonel Kyaw Thein, head of the government's drug control program, said of Mr. Lo, "He's beeo out of the drug business since he was released from prison, because he knows that every intelligence agency will be keeping their eyes on him.

But a Western diplomat charged that the government let Mr. Lo launder his money in legitimate businesses. "He has the connection with the banks," the diplomat said.

The agency also ordered inspections

Mistrust Strands Cyprus^e Between War and Peace

By Kelly Couturier Washington Post Service

NICOSIA - A stroll down historic Ledra Street, lined with boutiques, cafés and ice cream shops catering to the flourishing tourist trade, ends abruptly with a walled lookout post and a young Greek Cypriot soldier armed with a bayonet rifle.

The soldier allows visitors to climb up and take a look beyond the wall, where 45 meters (50 yards) away, past layers of barbed wire and crumbling buildings that used to be part of Ledra Street, a

Turkish Cypriot guard stares back.
This scene, along the Green Line that marks the division of Cyprus into Greek Cypriot and Turkish Cypriot sectors, is one of dozens of reminders of the 24year truce that has held on this Mediterranean island.

Against this persistent mistrust on the part of both Cypriot communities and by their allies in Greece and Turkey, a steady flow of would-be international mediators, including most recently Richard Holbrooke of the United States,

has walked away empty-handed. The mistrust also has led to a steady arms buildup, increasing the danger that Cyprus could become a flash point, drawing Greece and Turkey into open hostility. Officials of the United States and the North Atlantic Treaty Organization say they are increasingly concerned abont such a sceoario — which would destroy the stability of NATO's southern flank — especially in view of the planned delivery late this summer of Russian-made S-300 anti-aircraft mis-siles to the Greek Cypriot government. Turkey has threatened to use force to

prevent deployment of the missiles, prompting the United States to step up efforts to keep tensions on the island

from escalating.

After two days of shuttle diplomacy last week failed to get renewed reunification talks off the ground, Mr. Holbrooke said the United States would not walk away from the Cyprus problem.

"American engagement in Cyprus, as requested by both sides, will continue in an effort to prevent a deterioration of the situation," he said.

Except for a few incidents, including shootings that left three Greek Cypriots and one soldier on the Turkish Cypriot side dead in 1996, there has been no violence on the island since the brief war that split Cyprus in 1974. But what prevails here cannot be called peace.

The presence of 30,000 Turkish

troops north of the Green Line is never far from the collective psyche in the Greek Cypriot south, where the internationally recognized government of the Republic of Cyprus sits. The Turkish whitewashed stone on a mountainside north of Nicosia and visible for many kilometers in the south, is a daily reminder of what many Greek Cypriots

see as Turkey's designs on the island. Billboards at the checkpoint display bloody pictures of the three Greek Cypriots slain in 1996. On the other side of the buffer zone — a little less than a kilometer of no-man's-land lined with vacant shops and decaying houses -- an array of equally gory photos awaits the visitor entering northern Cyprus. The photos show atrocities committed by Greek Cypriot militias on ethnic Turks from 1963 to 1974.

WEATHER

Just as the Turkish presence in the north is indelibly stamped on the Greek consciousness, the communal violence of the 1960s and the 1974 Greek-backed coup by supporters of a political union of Cyprus with Greece are emblazoned in the collective memory of the island's Turkish Cypriots, who number 170,000 compared with 657,000 Greek Cypriots.

In response to the coup, Turkey invaded in July 1974 and, in a two-stage offensive, took control of 38 percent of the island. The Turkish Republic of Northern Cyprus, led by Rauf Denktash, was pro-

aimed and recognized only by Turkey.
U.S. and other Western officials say that chances for unification have slipped away since December, when the European Un-

The whole negotiation process is going downhill unless we arrest it now.'

with the government of Cyprus. At the same meeting, Turkey, a longitime aspirant, was left off a short list of EU candidates. Mr. Denktash, backed by the Turkish gov. ernment, vowed not to return to the negotiating table unless Turkish Cyprus was recognized as a sovereign state.

The whole negotiation process is go... ing downhill unless we arrest it now and turn it around," said Gustave Feissel. chief of mission of the United Nations peacekeeping force in Cyprus, which patrols the 190-kilometer buffer zone.

Already, says one Turkish Cyprior olitical analyst, most discussion about yprus has shifted from a debate about what type of federation is possible on the island to the question of to what extent. Turkish Cyprus will continue integrating with Turkey. Although Turkish officials stop short of using the word annexation, Turkey has signed several agreements over the past few months providing for closer economic and diplomatic integration with Turkish Cyprus.

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But there are incentives, mainly economic, for the two sides to reach a settlement or at the very least avoid an armed conflict. In the south, tourism has spurred economic growth through the 1990s and allowed the population to prosper. Officials readily acknowledge. the negative impact that any threat of conflict would have on that trade.

In the north, the lack of private and public investment, shortages of skilled labor, high inflation and the devaluationof the Turkish lira have driven down the standard of living. The prospect of joining the European Union - provided a federal solution could be worked out that would provide adequate security for star-and-crescent flag, emblazoned in the Turkish Cypriot population-holds. much attraction

"A solution to the Cyprus problem is essential," said Mehrnet Ali Talat, lead er of the main Turkish Cypriot opposition party, the Republican Turkish Party. "It will end the international isolation under which the Turkish Cypriot community has suffered for so long, and it will open the way for European Union membership, which will benefit our people economically as well as con-

tribute to our security."

But he added: "Unfortunately, Mr. Denktash does not share my wish for a solution. I am sure that what he wants instead is integration with Turkey."

U.S. Inspections Show Deteriorated Wiring in 737s

The Associated Press

WASHINGTON — After inspecting 47 Boeing 737s, the U.S. Federal Aviatioo Administratioo announced Mooday that 50 percent of the planes showed signs of wear in power lines running through their wing fuel tanks. "I think any time we see abrasion in

wiring we are concerned," the agency's administrator, Jane Garvey, said in a television interview.

"As of this morning we've got about 47 inspections in, and it's still holding true to form that about 50 percent are showing some signs of abrasions," Ms. United Airlines, which canceled 54 flights Sunday to make the emergency

inspections, said it expected to have all of its 18 affected aircraft operating Monday. Southwest Airlines, which has 35 such airplanes in its all-737 fleet, had mechanics work in teams of three over the weekend to finish the work.

The inspections affected 15 percent of the 737s operating in the United States. It was the broadest order by the aviation agency involving commercial aircraft since McDonnell-Douglas DC-10s were grounded to 1979.

The inspections came three days after the agency gave airlines up to a week to inspect their oldest 737s for signs of wear in the wiring or the pipes that carry the wires through the fuel tanks.

A recent inspection of a Continental one spot and a second area where the Airlines 737 found both exposed wires wires had been worn bare, most likely the agency also ordered inspection. and holes in the piping believed to have been caused by electrical sparks. Officials feared the mixture of fuel, air and electricity could spark an explosion such as that which downed TWA Flight

800 in 1996, killing all 230 on board. On Saturday, mechanics inspecting a United Airlines 737 found one wire hundle that showed signs of sparking in

from vibration during the plane's 50,000 hours in flight.

That prompted the aviation agency to revise its original directive, ordering all Boeing 737-100 and -200 series aircraft immediately out of passenger service until they could be inspected and repaired. These planes have cigar-shaped engines mounted directly under their wings. U.S.

over the next two weeks for 737s with between 40,000 and 50,000 flight hours, generally the newer generation Boeing 737-300, -400 and -500 aircraft. Those models have oval-shaped engines mounted on pylons that extend in from of the wings. There are 118 such planes in the United States and 282 world-

TRAVEL UPDATE

French Train Snarls **Expected Wednesday**

PARIS (AFP) - Severe disruptions in service are expected to his France's state-owned SNCF railroad on Wednesday following calls for a "national day of action" hy trade unions demanding wage increases and extra staffing. Five unions have issued a call for

strikes and protest action to begin Tuesday at 8 P.M. and end Thursday at 8

The SNCF is expected to issue details on the expected disruptions before the start of the protest. The unions want better salaries and

pensions as well as increased staff and

equipment to cope with what they describe as a bigger workload.

Thais Try to Improve Fire Safety in Hotels

BANGKOK (AP)—Ten months after a hotel fire io the Thai beach reson of Pattaya killed 91 people, Pattaya hotels are launching a fire-safety program. The campaign was launched with more than 150 hotels participating, Deputy Labor Minister Joogchai Thiengtham said.

The first of two phases in the cam-paign is to involve seminars in which hotel operators can learn about the most up-10-date fire safety codes and equipment. The second phase will involve

Middle East

41/106 23/73 s 41/106 23/73 s 23/71 16/81 sh 18/04 13/55 pc 28/82 13/55 s 28/82 13/55 s 24/75 8/40 pc 23/71 8/40 p

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North-America North-America

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THE AMERICAS

ar and Peace Republicans Start Fretting About November

By Alison Mitchell

WASHINGTON -- After months of confidence that the nation was heading into a serene, status-quo clection, Republicans are suddenly worried that they could lose control of the House this November unless they energize their conservative base.

"There's a whole host of warning signs," said Ralph Reed, a Republican strategist and former executive director of the Christian Coalition. "My own view is that the Republican House majority is in jeopardy. I'm not predicting a Democratic pickup. I'm just saying it's in jeopardy.

This concern has been driving House actions lately and was very much in evidence Friday as House Republican leaders huddled at the Library of Congress with a wide array of Christian and other social-issue conservatives.

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After a contentious three-hour session, the senior Republicans vowed a new commitment to the agenda of the groups, which were a key element of the Republican electoral majorities in 1994 and 1996. Representative Tom DeLay, Republican of Texas, the House majority whip, described the meeting as "a lot of good, solid, frank talk about our concems, their concerns, listening to each other and carrying on a dialogue.

The meeting came at a pivotal political moment for the Republicans. The chairman of the House Republicans' re-election comminee, Representative John Linder of Georgia, still maintains publicly that House Republicans will pick up at least 10 to 15 seats. But he acknowledges: "We've got to energize the base. I also want very much

to energize my colleagues who need an understanding it's a political year." Republicans say the Georgian was far more blunt in a closed-door meeting of

the House Republican leadership just after the last congressional recess ended in mid-April. He gave his fellow Republicans a strategy memorandum warning that they could endanger their majority status unless they started drawing sharp distinctions between them-selves and the Democrats.

The jitters among Republicans has several causes. For one thing, the Republicans have more districts to worry about than they had expected, defending 17 open seats, compared with 16 for the Democrats. They have little room for error: The Republicans 11-seat majority is the narrowest one in the House in half a century.

The death of Representative Steven Schiff of New Mexico and the unexpected decision by Representative Wes Watkins of Oklahoma not to seek re-election have left them with uphill fights. Mr. Watkins, for example, is a former Democrat and his district is known as "Little Dixie" because of its traditional Democratic allegiance. In addition, for months voters have told pollsters they prefer a Democratic Congress to a Republican one or else they put the parties at a virtual tie. Such poll readings are considered a useful indicator of the political terrain on which

individual candidates must fight. Democrats are doing remarkably well financially. An analysis of recent re-ports to the Federal Election Commission shows that Democrats in the 33 open House seats are out-raising Republicans. The typical Democratic canidate in an open seat has \$112,415 in cash on hand, compared with \$77,688 for the typical Republican.

Perhaps most importantly. House Republicans have become concerned that social conservatives, who can help Re-publicans turn out their core supporters, are disaffected with a Congress that has not been able to deliver on their issues.

'It's very clear that the people who stand out in the rain for us have not been enamored with the past year," said Representative Lindsey Graham, Republican of South Carolina, who is one of the conservative firebrands of the sophomore class. He praised party leaders for reacting. "What's stupid is to ignore the

These concerns, Republicans said, help explain why the leadership is scheduling an array of votes over the next several months on issues dear to conservatives, such as prayer in the schools, even though much of that legislation has no chance of passage.

The House leaders created a new House task force called the "Values Action Team," headed by Represen-tative Joseph Pitts, Republican of Pennsylvania, to coordinate with the groups on an array of legislation.

The House soon will take up legislation important to Christian conservatives that could impose economic sanctions on countries that persecute people for their religious beliefs. Coming this summer is a vote on a constitutional amendment to allow prayer in schools

The groups said the session could be the beginning of a rapprochement, but that they were looking for action, not just promises. James Dobson, whose Focus on the Family radio show draws 5 million listeners, said there was "good discussion," but added, "only time will

'lt's easy to talk about things." he said. "It is tougher to get action in Congress and certainly in the Senate.'

POLITICAL NOTES

Report Is Readied On Fund-Raising

مكذا من الاحل

WASHINGTON - The outgoing head of the Justice Department's campaign finance task force is preparing a final report for Anorney General Janet Reno that will determine whether senior Democrats should be prosecuted for allegedly conspiring or acting individually to violate fund-raising laws, according to Justice Department officials.

Charles LaBella, the career federal prosecutor who was brought in last September to revitalize the floundering task force, believes sufficient evidence now exists to conclude whether abuses extended beyond individual fund-raisers to senior Democratic National Committee officials and perhaps into the White House, officials said.

His report, which department officials said is expected by midsummer, seems certain to reignite the controversy over fund-raising during the 1996 election cycle, particularly in the Clinton-Gore campaign, and the debase over whether it should be investigated by an independent counsel.

Mr. LaBella's approach marks a sharp departure from the "bottom-'strategy that marked the first year of the 18-month-old task force investigation. Rather than building cases against the front-line fundraisers - three of whom already have been indicted — his report will horizontally piece together evidence from dozens of separate investigations to look for any pattern of illegal activity orchestrated by the Democratic National Committee and White House officials.

'After the same characters emerge playing the same roles in several different cases, an investigator has to determine whether there is a common theme, and the task force now knows enough to do that," said an official familiar with Mr. LaBella's think-

New War on Crime

WASHINGTON - The Clinton administration, believing that the United States is falling behind in the war against international organized crime, is set to uoveil its first comprehensive plan to combat the growing power of sophisticated criminal syndicates. According to officials,

President Bill Clinton is expected to announce on Tuesday the International Crime Control Strategy, which identifies the major infernational threats to the United States as drug trafficking, acquisition or sale of weapons of mass destruction by criminals, the transfer of sensitive U.S. technology to rogue foreign states and trafficking in women and children.

This is where the threats are now, and what we must focus on because transnational crime threatens us both politically and economically," said a White House adviser. "Every day we wait in dealing with the problem, the more unmanageable it becomes."

Officials say international criminal organizations, with billions of dollars their disposal, are far outstripping the capabilities of law enforcement officials to contain them.



Richard Gephardt

Quote/Unquote

Representative Richard Gephardt of Missouri, the House minority leader, on the effort by Democrats to oust Dan Burton, Republican of Indiana. as chairman of the committee inves-

tigating campaign finance practices: They re going to try again this week to get him to act properly. If he will, we're willing to go forward. But if he simply continues what he's been doing, we have no choice but to ask him to step down, and even go to the floor of the House and ask the House to vote on this proposition."

Thirty-one coal cars in a jumble in Baltimore, Ohio, where they derailed, smashing the Vanhorn residence.

Away From Politics

 A couple and their dog escaped just moments before a Contail coal train tornado that touched down in Sum-derailed Sunday and slammed into merville, South Carolina, about 18 their Ohio bonse, knocking it 6 feet off miles west of Charleston, the officials its foundation. Robert Vanhorn and his said. (Reuters) wife told the authorities that they had tracks. At least one of the derailed cars

South Carolina in three days, officials said. The woman was killed when her home was pulled off its foundation by a

run to the opposite side of the house • The post office is raising the price of after they heard the train coming off the a first-class stamp by 1 cent, as well as other postal costs, despite three years of hit the house, destroying part of an billion-dollar profits. The independent outside wall and taking the house off its Postal Rate Commission agreed to the (AP) increase, to 33 cents, which the post office wants to implement this summer. • A 90-year-old woman was killed and seven people were injured in the class letter took effect Jan. 1, 1995,

secood severe storm to sweep across following a year in which the mail agency lost nearly \$1 billion.

> About 1.200 investors are wondering what happened to the more than \$17 million they placed with a group of Southern California and Las Vegas investment promoters. Much of the money raised to start the Children's Cable Network may have disappeared into the pockets of the promoters and their associates, according to a classaction lawsuit filed in state Superior Court in Los Angeles. Sources say the Federal Trade Commission is investigating the investment activities of several entities related to Children's

Ban on Some Food Imports Is Sought

By Tim Weiner New York Times Service

al investigators are calling on by the federal agency said. the United States to stop im-Clinton administration and sickened about 2,500 Amer-Congress have failed to create icans who ate imported Guaborne diseases in imports that two years.

may sicken and kill people. The fact that booming glob-al imports have overwhelmed ease is recognized, say inves- investigative arm of Concounting Office. So is the fact have not made this demand, entists said.

stopping tainted food at the trade.

that the present system of fearing that it would disrupt

present problems that are as- quire all foods eligible for And scientists are seeing sociated with food poison- import to the United States, porting food from nations that outbreaks caused by little-ing," according to Dr. Mar-not just meat and poultry, to do not meet U.S. bealth and known pathogens, like a para- guerite Neill, a member of a be produced under equivalent safety standards, saying the site called cyclospora, which federal food-safety advisory food safety systems. board.

One solution is to demand And free trade, with the bil- ory authority would disrupt that foreign nations create lions of dollars of commerce trade if implemented at one. food-safety systems that meet it brings to exporting and imfederal efforts to protect the U.S. standards, said the Gen-public from food-borne dis-eral Accounting Office, the power to trump food safety when it comes to laws and tigators from the General Ac- gress. But federal officials regulations, some federal sci-

The General Accounting Office's report, to be pub-WASHINGTON—Feder
nation's borders is outdated

Federal scientists recognize that "free trade may mends that "Congress re-

But senior federal food-Congress have failed to create icans who ate imported Guaa system to prevent foodtemalan raspberries in the last as a safety issue, foreign oa- with that recommendation, tions see as a free-trade issue. arguing that "such mandattime," the report said. Officials of the Federal Drug Administration now believe that the authority should be discretionary, not mandatory, the report said.

Exploiting the Dominican Connection

Colombian Drug Barons Find Friendlier Base for Expanding Network

By Larry Rohter and Clifford Krauss New York Times Service

SANTO DOMINGO, Dominican Republic — In the early 1990s, Colombia's drug barons were fed up and eager to

rearrange their business.

Impatient with the Mexican traffickers who were demanding half of every load delivered and distributed in the United States, they went looking for a country with weak law enforcement, proximity to the United States and established drug-the Caribbean, with the Dominican Redistribution networks.

them to find the Dominican Republic. By the spring of 1995, Colombian cartels were ensconced in the Dominican Republic and looking to expand their net-work, which is what led one boss to invite Hidalgo Elias Velez, the Colombian owner of a strug-

gling tropical-woods business in the Dominican Republic, to a lavish party ourside Bogota and recruit him as an

agent.
The Dominican Republic was "excellent," Mr. Velez, now serving a prison term in the Dominican Republic, recalled being told by his Colombian

your merchandise," the Colombian said. Getting the money out is easy."
Compared to their Mexican and Colombian counterparts, the Dominican authorities were so inexperienced, unpre-

thorities were so inexperienced, imprepared and ill equipped, "you don't even have to pay protection."

The Colombian drug cartel leaders also recognized, Mr. Velez said in an interview recently, that low-level Dominican drug dealers based in New York City were pushing their way up to the next rivals, they began to look to the Dominicans as more reliable partners."

a bigger share of the wholesale distri-bution of cocaine and beroin in the New amounts of drugs through the Caribbean England and mid-Atlantic states.

Just a few years later, the alliance between Colombian cartels and their Dominican partners has changed the geography of the drug trade once again. For the first time since American authorities began trying to blockade South Florida in the early 1980s, a significant portion of the drugs sold and profits made in the eastern United States is

When the Colombians saw the Mexicans

becoming greedier and even develop into

Dominicans as more reliable partners.'

the main gateway.
With that flood of drug profits have

come a wave of corruption and a growing threat to political stability throughout the

United States laundered through Domin-

ican financial institutions has doubled

over the last three years, according to

U.S. Customs Service estimates, to more

The Dominicans are supported by Colombian cartels determined not to re-peat the error they made with Mexican

rings, which are now gobbling up the Colombians' markets in the United

A University of Miami expert on in-

ternational drug trafficking, Bruce Bagley, put it this way: "When the

Colombians saw the Mexicans becom-

ing greedier and even develop into

States and even in South America.

rivals, they began to look to the

than \$1 billion annually.

in the early 1980s, prompting the Reagan administration to mount its major crackdown. While the bulk of Colombian cocaine

and heroin continues to move through Mexico, the Colombian traffickers have in the last few years come full circle, returning to the Caribbean as a base. A big obstacle remains in the way of

this new breed of techno-savvy Dominican trafficker: Leonel Fernandez Reyna. the Caribbean, with the Dominican Re- the country's reformist president. Mr.

Fernandez, 44, a lawyer, grew up in New York City, where in the 1960s he watched a drug culture emerging around him. It was then, friends say, that he developed an antipathy for narcotics and the corruption they engender.

But as president, Mr. public, a nation of 8 million, serving as Fernandez must combat a recalcitrant government bureaucracy and a political opposition that controls the Congress and is becoming increasingly dependent on drug money, American and Domin-ican officials say.

region. The amount of money from the This week, voters here will go to the polls for elections that Dominican and American officials regard as crucial to the Fernandez government's success during its two remaining years in office. At the moment, the president's party controls only one of 30 Senate seats and 10 of 120 seats in the Chamber of Deputies, meaning that no legislation can be passed without the backing of at least one of the two main opposition parties.

The Fernandez administration has expressed support for tougher money-laundering legislation and streamlined extradition procedures, which Congress would have to approve to go into effect. So it is obvious why the stakes in the vote are so high.

Lewinsky and Family Hire Media Specialist

WASHINGTON — Monica Lewinsky and her family are adding a media relations specialist — a former deputy press secretary to President George Busb — as the investigation of

secretary to President George Busb — as the investigation of President Bill Clinton reaches a critical phase.

Judy Smith, who has worked for investigators in the Irancontra scandal and the drug prosecution of Mayor Marion Barry of Washington, was beginning her job Monday at the urging of Ms. Lewinsky; ber father, Dr. Bernard Lewinsky, and her mother, Marcia Lewis.

Ms. Lewinsky's lawyer, William Ginsburg, said Sunday night that be was "delighted to have Ms. Smith on board." He said it would allow him and the co-counsel Nathaniel

said it would allow him and the co-counsel, Nathaniel Speights, 'to focus more intently on the legal issues.'

Kenneth Starr, the special prosecutor who is investigating

Mr. Clinton's dealings with Ms. Lewinsky, recently won an important court victory regarding the former White House intern. The chief U.S. district judge in Washington, Norma Holloway Johnson, ruled late last month that there was no immunity agreement that would protect Ms. Lewinsky in the investigation of allegations that there had been a sexual relationship between her and Mr. Clinton, and that she had

been urged to deny it under oath.

Mr. Ginsburg had contended there was such an agreement between himself and Mr. Starr's office.

Ms. Smith runs her own media relations and public relations

firm in New York. In 1991 and 1992, she was deputy press secretary at the White House. Subsequently, she was a senior vice president of communications at NBC.



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Vice President Leads Philippine Exit Polls

By Seth Mydans
New York Times Service

GUAGUA, Philippines — Squatting on tiny schoolroom benches, their heads buried in three-sided cardboard boxes marked "Voting Bonths," millions of Filipinos cast their ballots Monday for president, vice president and 17,000 other local and national officials.

Early exit polls supported pre-election surveys

that predicted that the country's next leader would be Vice President Joseph Estrada, 61, a former actor and college dropout who is popular among poor people but derided among the nation's elite as ignorant and incompetent.

"It is the revenge of the masses," said Joel Rocamora, a former leftist revolutionary who now heads a political-policy institute. "They are tired of being led by smart people."

On huge brown tally sheets stretched across the classroom walls, and in an exit poll of more than 13,000 people conducted by radio station DZRH, Mr. Estrada beld a commanding lead over candidates supported by the country's last two presidents, Corazon Aquino and the in-cumbent, Fidel Ramos. Presidents are restricted by the Constitutioo to one six-year term.

This is the last and greatest performance of my life," Mr. Estrada said as he squeezed into a schoolroom chair to vote Monday morning in his hometown, San Juan, which is part of Metro Manila. "Of course I will win. It's all over but the counting.

Laborious Ballot Count Expected to Take 10 Days

This may take some time. A citizens' watch-dog group said its "quick count" of the cation's 34 million eligible voters would take about 10 days. The official result is not due for at least two

The overwhelming favorite to win the separate vice presidential vote was Gloria Macapagal Arroyo, an economist who is the daughter of late President Diosdado Macapagal.

Trailing Mr. Estrada in the presidential exit poll was Mr. Ramos's choice, the House speaker,
Jose de Venecia, and Mrs. Aqoino's choice, Alfredo Lim, the mayor of Manila. A total of 11 presidential candidates fragmented the vote,

making it likely that the victor would win fewer than 40 percent of the ballots.

Those predictions seemed to be coming true Monday in Guagua, a small farming town in Pampanga Province, continued of Manila. After voting ended at 3 P.M., a laborious tally lasted far into the night, as school teachers read out the handwritten ballots for 20 positions, from president to season to covernor to mayor to city. ident to senator to governor to mayor to city

Young poll-watchers crouched over their tallies. fanning themselves in the maggy evening with square slices cut from the cardboard voting booths.

The school yard, cormally filled with the chants of children reciting the alphabet, was a roundelay of Filipino names, ecboing from the different classrooms: Cunanan, Torres, Legarda, Soto. Ople, Abadia, Dinson, De Villa, Ducut. Most common, in ballot after ballot, were

Estrada and Macapagal.

It what the daily Philippine Inquirer warned was "chaos by design," intended to open the way for manipulation, the vote was marred by myriad small irregularities. Ballot boxes whose transpareol sides were covered by paper, coun-ters who read oot names too quickly to be tallied, indelible ink that easily washed off the hands of people who had voted, unscheduled lunch breaks during which poll-watchers wandered away.

There were fears of "flying voters" who cast ballots in several precincts, of "ghost voters" whose ballots were cast even though they had

ing the voting, bringing the reported death toll during this election period to more than 40. Most of the violence was reported on the southern island of Mindanao, where groups of gunmen roamed some precincts and one candidate reportedly fired a mortar round at the home of a rival.

In a country where politics is a leading form of Even serious-minded politicians were required eotertainment, this election was notable for the to dance and sing for their votes. "Don't forget strating his karate kicks.



many precincts, the lists were incomplete. About 34 million people were eligible to vote.

large number of singers, actors and sports heroes running for office. More than 100 candidates for national office are current or former entertainnational office are current or former entertain-

He also wowed election crowds by demon-

BRIEFLY

Muslim Extremists

Protest in Pakistan

FAISALABAD, Pakistan

Shouting slogans against the West, thousands of Muslim extremists

tried to force their way past the police here Monday to reach a largely Christian area of a Pakistani

Police used tear gas to keep the

rioters away from Christian churches and homes in Faisalabad

and arrested 50 people. Crowds of Muslim demonstra-

tors, some carrying automatic weapons, have paralyzed the center of Faisalabad, where a Roman Catholic bisbop, John Joseph, was buried Sunday. Bishop Joseph committed suicide last week to protest

the death sentence given to a Christian accused of insulting Islam.

Pakistan's minority Christians bave used his death to protest re-

ligious discrimination and urge

changes in a controversial blas-

pbemy law that makes insulting Is-

lam punishable by death,
Oo Monday, Muslim leaders
called for a strike and threatened to

bring down the government if it made any concessions to the Christian commonity. (AP)

TAIPEI - Taiwan's military

day to test oewly acquired firepower

This year's Hankwang 14 games,

against a possible attack by China.

an annual event, are focusing on anti-

submarine warfare and cootrolling

the skies and seas surrounding the

The games are being staged on

Taiwan's southeast coast facing the Pacific Ocean, which is not con-sidered a likely landing spot for an

invasioo from China, but the lo-

catioo is seeo as less provocative to

Beijing than the usual site for the

exercises, on Taiwan's western

Warrant for Bhutto

island, military observers said.

More Than 2,000 Tests

U.S. Leads the List With 1,032 Explosions

Agence France-Presse

NEW DELHI — The first atomic bomb was exploded on July 16, 1945, in the New Mexico desert in the United States. The official total of nuclear tests has since risen to more than 2,000.

According to the International Insti-tute of Strategic Studies in London, these were mostly cooducted by the five declared nuclear powers — the United States, the Soviet Union (oow Russia). France, Britain and China.

The United States heads the list with

but permitted nuclear powers to conduct underground tests.

India, which announced three underground nuclear tests on Monday, carried out an earlier test in 1974.

The more recent Comprehensive Nuclear Test Ban Treaty, agreed by the United Nations and opened up for signature in 1996, theoretically bans any ouclear testing at all. But India opposed the treaty and has refused to sign it.

The treaty wili take effect once 44

powers - ratify the document. Only 13 have so far ratified it.

India has been described as "threshold" nuclear power, meaning it was believed to have the capacity to produce nuclear weapons and may have them already.

India is not considered a full nuclear power because under the 1970 Nuclear Nonproliferatioo Treaty this status applies only to states that conducted tests before Jan. 1, 1967. Pakistan is also considered a

The United States heads the list with 1,032 tests, followed by the Soviet Union with 715, France with 210 since 1960, Britain with 45 and China 44.

The 1963 partial test ban treaty signed by the United States, the Soviet Union and Britain forbade atmospheric testing and Britain forbade atmospheric testing of the Soviet India at 1947. Subcontinent in 1947.

The Chinese, who exploded their first nuclear weapon in October 1964, anoounced after their most recent test, on July 29, 1996, that they were suspending

nuclear testing. North Korea said May 8 that it might revoke its decision to freeze its ouclear program if the United States did not respect commitments undertaken in 1994. Under the accord, Pyongyang agreed to freeze its nuclear program in return for countries - including the nuclear more modern nuclear reactors.



Prime Minister Indira Gandhi, below, at the site of India's first nuclear test shortly after the 1974 underground blast devastated the area. The tests Monday took place at the same testing ground, 70 miles from Pakistan,

NUCLEAR: India's Tests Raise Old Fears

Continued from Page 1

ernment of India to conduct three nuclear ie white no sdokesman, iviichael McCurry, said. "This runs counter coovertional strength of a much larger to the effort the international community India whose military prowess Pakistan is making to promulgate a compreheo-

sive ban on such testing."
For several years, India and Pakistan bave engaged in a regional cold war that a relentless wish for international re-until Monday was confined to the development of missiles with progressively longer ranges. Pakistan's test last tegic analysts typically speak of a oeed month of the Ghauri missile, with a range to compete militarily with China, a deof 1,490 kilometers, was seeo as a response to India's movement last year of border withio range of Pakistan's major

Mr. Vajpayee described the tests as "contained explosions like the experiment conducted in May 1974," the only and his coalition government's agenda previous time India has detonated a nuclear device.

Monday's lesis were also done at the same place as the first one, in the desert of Rajasthan state at Pokharan about 110 kilometers from the Pakistani border.

The prime minister said monitoring equipment showed oo radioactivity had been released into the atmosphere. The latest tests included the detonation of a politically divided India. thermoouclear or hydrogen device that Mr. Mishra said had a "much bigger" yield than the 1974 explosion, while the other two carried about the same force. One was "a low-yield device" like the nne tested in 1974, and the other "a fission device.

Although the Cold War made nuclear weapons unpopular in the United States and other Western nations, the development of strategic armaments has wide reciprocal activities." Pakistan has not public support in both India and Pakistan, signed the test ban either.

according to opinioo polls. A majority of Pakistanis, having lost three wars to India since 1947, consider nuclear weaponry as a practical way to neutralize the superior cannot bope to match despite its heavy

Indians have appeared driven more by spect for their huge but poor nation of 950 millioo people. The nation's straclared ouclear power that humiliated India in a 1962 border war and has treated Prithvi missiles into storage near the its neighbor as an inconsequential military threat since then.

Both the campaign platform of the Hindu nationalist Bharatiya Janata Party, to which Mr. Vajpayee belongs, promised to "exercise the option to induct nuclear weapons," wording that has been regarded as deliberately ambiguous. One leader of the Bharatiya Janata Party suggested that the ouclear tests would guarantee India the permanent seat it covets on the United Nations Security Council. Another party leader predicted that the testing would unify a

Mr. Mishra did hold out the possibility that India's tests could ultimately lead to more formal restraint instead of spiraling escalarion. He said that India could possibly forgo future tests in accord with the Comprehensive Test Ban Treaty, which the nation has refused to sigo, and depend on computer simulations to update its nuclear capability. Such a scenario, he said, "would depend on a oumber of



India's Statement About the Tests

hari Vajpayee on the Indian tests:
"I have an announcement to clear tests in the Pokhran range. The tests conducted today were with a fission device, a low-yield

with expected values. "Measurements have also confirmed that there was no release of radioactivity into the atmosphere. These were contained explosions like the experiment conducted in May 1974. I warmly congratulate the scientists and engineers who have carried out these successful

Taiwan War Games began four days of war games Mon-

leased by Prime Minister Atal Bemake: Today at 1545 hours, India conducted three underground oudevice and thermonuclear device. The measured yields are in line

KARACHI, Pakistan

flank facing China.

Pakistani authorities issued an arrest warrant Monday for former Prime Minister Benazir Bhutto after she failed to appear in court oo charges of illegally hiring more than 1,000 people during her two terms in office. The warrant, issued by a special

tribunal in Karachi, ordered Miss Bhutto to appear in court on May 19. Miss Bhutto was on a speaking tour io Canada and the United States, and it was unclear whether the warrant would lead to her arrest when she returns to Pakistan, probably on Thursday. Legal advisers said, bowever, that

she was unlikely to be arrested unless she missed the court appearance. The court also ordered Miss Bhutto's

India's Senior Nuclear Scientist Celebrates Bomb

can't kick us around, especially

dia's Bhabha Atomic Research Center

chief scientist behind the project.

Mr. Ramanna was the director of In-

Pakistan.

BANGALORE, India -- The phone

has not stopped rioging at Raja Ramanna's house since Prime Minister Atal Bihari Vajpayee announced Mon-day that India had conducted three underground nuclear explosions. And not without reason. The 73-year-

old scientist is considered to be the father of India's atomic test program. Mr. Ramanna opened a bottle of wine to celebrate after New Delhi announced the three lests near the western town of Pokhran, the first in 24 years.

'These are only ornamentations, but necessary in the modern world," Mr.

Mr. Ramanna said the three explosions Monday were very significant because they meant India's ouclear progress since 1974 had been tremendous. The tests, he

said, were proof of the country's skills in making ouclear bombs.

simple thing, and it seems to have the consequences."

Ramanna said in an interview. "They worked," Mr. Ramanna said. "The tests were done one after the other, which is tremendous. And the secrecy was main-

Mr. Ramanna was appointed chairman of India's Ammic Energy Comwhen India exploded its first nuclear device at Pokhran in 1974 and was the mission after the first ouclear test. In 1989, be became a federal minister for defense in the short-lived National Froot coalition government headed by Prime Minister Vishwanath Pratap Singh.

He was reappointed a member of the energy commission last month. Regarding India's new nuclear status. "Producing a hydrogeo bomb is no Mr. Ramanna said: "We'll have to face

passport to be confiscated. (AP)

PAKISTAN: Clamor for Testing Its Own Nuclear Weapons Grows SANCTIONS: Dismayed U.S. Studies Penalties Against India

Continued from Page 1 The main opposition leader, Benazir

Bhuno, condemning the Indian tests. urged the international community to take "stern notice," as the Indian action had "irreparably" damaged the "fragile" trend of nonproliferation in South Asia. The former prime minister predicted a "new and dangerous era of arms" as the

Indian tests "qualitatively alter the security environment and will result in arms which will further impoverish the poor people of the region. The Indian tests came one month after

Pakistan said it had test-fired its new "Chauri" missile, with a 1,500-kilometer (930-mile) range, to defend itself.

The top Pakistani nuclear scientist. Abdul Qadeer Khan, said Islamabad could conduct a nuclear test and was only waiting for government instruc-

The chairman of the Pakistani Senate Foreign Affairs Comminee, Akram Zaki, said: "India's policy is a bullying policy. We should refuse to be bul-

"Pakistan has the obligation to main-

tain a deterrent capability," he added. The most vehement reaction came from Pakistan's leading fundamentalist party, Jamaai-i-Islami, which said, "We demand of the government of Pakistan to

conduct a nuclear test forthwith." "If the government fails to do so under any American pressure, it will mean a surrender of our sovereignty and enslaving the country to the United 'said the bead of Jamaat-i-Islami, Qazi Hussain Ahmad, adding that if Islamabad "shows cowardice and puts off the vital decision because of any expedience, India's hegemonic designs will receive a boost in the region.'

We hope that the nation will hear the happy tidings of a nuclear test by Pakistan in a matter of days," he said.

(Reuters, AP, AFP) ■ 'No Surprise' to Pakistanis

Brian Knowlton of the IHT reported from Washington: A top Pakistani nuclear scientist, Munir Ahmad Khan, said that the tests,

which followed vows by the new gov-

crning party in India to demonstrate that

surprise, but it is certainly a shock that they committed this folly. "It is most unfortunate and uowise for

India," said Mr. Khan, former chairman of Pakistani atomic eoergy commission. "It pitches India against the whole world. It destabilizes regional security, and India now is in an open race against China, which is unfortunate for Asia." Mr. Khan, who is also a former chairman of the International Atomic Energy

ation regime. Referring to the Comprehensive Test Ban Treaty, he added, "It will be harder now for President Clinton to get the CTBT ratified by the U.S. Congress."

serious setback the entire nonprolifer-

Mr. Khan was reached in Cannes at an international conference on nuclear energy, where he said the near-unanimous feeling was that the Indian tests "clearly will be a setback for the cause of peace-ful nuclear energy around the world."

"The advanced countries will be much less inclined now to help developing countries with nuclear power," he said. "They'll say there's a linkage between country's nuclear capabilities, were "no nuclear power and nuclear explosions."

Continued from Page 1

later this year, will go ahead. "It's impossible to tell what the im-

pact is oo the trip at this point," Mr. McCurry said.

China next month. Officials in Washington said they did not believe the United States had any warning of the China nas provided assistance to Analysis said that American legislators were likely to agree, across party lines, in condemning the Indian tests for raising tensions and endangering nontests. They appeared likely to affect a as in Islamabad. Association, said it would be a "very range of Clinton administration plans and policies. American analysts used just opened a plutonium production re- absolutely certain the CTBT will not words like "disastrous" to describe the actor at Khushub, its first, with Chinese political impact.

Among other implications, they said, the tests were a major, and possibly fatal, blow to administration hopes to gain Senate ratification of the Comprehen-

sive Test Ban Treaty.
"It puts the president on the spot," said Jack Mendelsohn, deputy director of strong position and that Congress is going to take a pretty strong position."

The tests were likely, said Paul Leventhal, president of the Nuclear Contral Institute, to fuel criticism from those the tests from Moscow.

who argued against the U.S. certification of China for civilian ouclear-energy

Xinhua press agency reported them. in the region out into the open." Mr. Clinton is also scheduled to visit China has provided assistance to China next month. Officials in Wash-Pakistani missile programs.

commerce.

Mr. Leventhal noted that Pakistan had

Some analysts said that a regional arms race, with waves that could shake countries bordering the Asian Subcontinent, seemed far more likely now.

'We know the Pakistanis are going to have to react," Mr. Mendelsohn said, "maybe by steppiog up their missile the Arms Control Association. "I'd expect that the U.S. will have to take a pretty only the beginning of a series of lests, at only the beginning of a series of lests, at some point, China might be pushed to the wall, and that brings in the Russians,

friends of India." There was oo immediate comment on

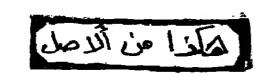
Mr. Leventhal called the tests "a major disappointment and highly deplorable." They were sure, he said, "to There was no official comment from trigger one or more test blasts by Beijing on the tests, although the official Pakistan and bring the nuclear arms race

Analysis said that American legisproliferation efforts.

"In my judgment, this makes it almost come about," said Baker Spring, a senior defense policy analyst at the Heritage Foundation, a conservative think tank The Comprehensive Test Ban Treaty was signed by the United States and many other couotries, but oot India or Pakistan and still awaits U.S. Senate ratification. "India has now taken substantive ac-

tion that will make it very difficult to walk back." Mr. Spring said. In Vienna, the International Atomic Energy Agency said that New Delhi had

broken no promise with its tests. India can't be accused of breaking any promises because it hasn't made any promises," the agency said.



EUROPE

Vote Encourages Hungarian Right But Socialists Hold Edge in Runoff

strong showing in the first forget that the current govround of a two-stage general election, but political analysts said it was too soon to count

the ruling Socialists out.
The Socialists remained Hungary's strongest party, getting 32.25 percent of the vote Sunday.

But their coalition partners, the Free Democrats, plunged below 8 percent from almost 20 percent in the previous election, in 1994, while the where less than 50 percent of center-right Fidesz, or Hungarian Civic Party, soared to second place with 28.2 percent from 7 percent previ-

a Banten, Phil

THE

Muslim Extremish

location Kurusa

The second round of voting ikes place on May 24. Istvan Csurka, leader of the far-right Hungarian Justice and Life Party, which got sufficient votes to hold parliamentary seats for the first time, said he would help other

rightist parties eject the Socialist-liberal coalition. Mr. Csurka said on Hungarian television that his party was willing to support Fidesz and the rightist United Historic Smallholders Party from outside.

The Smallholders were lying third in the percentage tally with almost 14 percent. "I can say surely that we will support them - from outside the coalition but inside Parliament - in order to a bus stop replace the present coalition government," Mr. Csurka

holders have been at pains in were ethnic Albanians, who the run-up to the election to make up about 25 percent of say they would not contem- Macedonia's 2 million plate a coalition with Justice people. As they waited, most and Life.

Mr. Csurka's party got only 5.5 percent of the vote in the first round, up from 1.4 percent in 1994, but it was enough — more than 5 percent - to enter Parliament.

Analysts were at pains to banian separatists and Serbs point out that, under Hun- in the nearby Serhian gary's complicated system, province of Kosovo. which combines regional, national and party lists, it was freedom in Macedonia, just as impossible to say whether the the Albanians are fighting for form the next government.

said that the voting system no peaceful solutions in the evidence, that Alexander the other Socialist-Free Democrat coalition was possible.

"The Socialists received almost exactly the same amount of votes as they received four years ago, so I don't think it's a major disaster for them," he said.

"It's their coalition partners, the Free Democrats,



The situation was further complicated by low turnout in two easiern counties, Hajduregistered voters cast their

The National Electoral Committee ruled that the first round vote in those two regions was incomplete and would have to be rerun simultaneously with the sec-



ond-round vote on May 24. Tamas Deutsch, left, a vice president of Fidesz, congratulating the party leader. Viktor Orban, after the vote-

Nationalism Begins to Divide Macedonia, Too

By Chris Hedges New York Times Service

SKOPJE, Macedonia — At dawn, under spindly Turkish cobblestone streets, silverdomed shops and cramped bazaar stalls, several hundred sleepy laborers gathered near

waiting in hope that passing id. trucks might pick them up for Shoth Fidesz and the Small-\$10-a-day construction jobs. only to return home without a job or enough money to buy food, they muttered the usual curses of the poor against the indifference of the state and passed along the latest news of the fighting between Al-

"We must also fight for our Socialists or Fidesz would their freedom in Kosovo,' said Kemal Provolija, 30, Tibor Vidos, analyst for who has worked only one day

GJW Political Consulting, in the last month. "There are ted, despite dubious historical

> savage wars in Croatia and Bosnia and has set Kosovo alight is spilling with alarming speed into the civil life of Church into an official this sleepy backwater. Macedonia, one of the most tolerant of the five states carved out of are mostly Muslims, say they the former Yugoslavia, has can never be full members of

ethnic conflict. Macedonia is like Bosnia

in the final years before the war," said Mustafa Peza, 44, a minarets that rose above ethnic Albanian and political reporter for the state radio. The crisis in Bosnia began just like this, with the formation of extreme nationalist parties, the media dividing into Most of the men, who were ethnic camps and an economic situation that was hopeless and left a huge number of people hungry and out of work."

Macedonia has had a troubled history since its inde-

pendence seven years ago. The hostility of its neighbors — especially Serbia, Bulgaria and Greece, which fought the Turks over Macedonia early in this century led the United Nations to send a peacekeeping force, including a small contingent of U.S. troops, to monitor its bor-

But the state, while incorporating its ethnic Albanian minority into the government. has also sought to bolster its legitimacy by mythologizing Macedonian culture.

The government has asser-Great is the forefather of the Orthodox Macedonian

been unable to halt the ideo- the state. Few senior police Tetovo was given two and a

logical mutations that led to officials are of Albanian descent, even in Albanian villages, and the military is dominated by Macedonians.

Albanians make up the majority of the unemployed in a Army, known as the UCK for country where a third of the its acronym in Albanian, is work force is without jobs. Along with the militants,

an underground ethnic Alhanian university in Tetovo. which meets in private homes, is seeking to counter Macedonian chauvinism by teaching ethnic Albanians a chauvinism of their own. And there are feverish real-

estate deals under way in Skopje, the capital, so that increasingly ethnic Albanians live on one side of the Vardar River and the Macedonians hanian liberation movement.

Daily incidents speak of ethnic pnlarization, Mr. Peza said that when he took his 7year-old daughter to a Macedonian school in his neighborhood, the students taunted and name. He now drives her across the city so she can attend an Albanian school.

by the growing separatist say they are coming under movement, which set off increasing pressure to withthree homemade bomhs in draw. The nationalism that sowed modern nation. Macedonian ualties or damage, has begun is the sole official language. to crack down on the mil-The state has turned the itants.

Last month it sentenced the mayor of Gostivar. Rufi Osmani, to seven years in prison for flying the Albanian flag in front of city hall and inciting separatism. The mayor of

half years in prison for re- Macedonian nationalist who fusing to remove the Albanihas led marches through the capital with followers waving an flag.

Macedonian flags, said re-

cently that he saw "no reason

for any Albanians to be part of

the Macedonian govern-

In the 1991 parliamentary

tionary Organization ---

the Ottoman Turks - won 39

The party hopes to oust the

government of President Kiro

Gligorov, 81, who was nearly

killed in an assassination at-

The party boycotted the

1994 vote, charging fraud.

But in the parliamentary elec-

tions this fall it is expected to

improve on its 1991 showing,

political analysts say, with its promises that only 'loyal'

ethnic Albanians can remain

tempt in 1995.

in the state.

Across the border to the north, the Kosovo Liberation its acronym in Albanian, is fighting for the predomin-antly Albanian province's independence from Serhia.

elections, his party, the In-ternal Macedonian Revolu-Defense Minister Lazar Kitanoski savs he is deeply named for a guerrilla orga-nization that fought against worried about the "UCK-ization" of young ethnic Al-hanians in Macedonia. of 120 parliamentary seats.

Most young Alhanians worship the Kosovo Liberation Army," said Ruzhdi Selemani, 28, an ethnic Albanian militant. "They see it as the vanguard of the Al-There are Macedonians who have gone to fight in

After the two mayors were sentenced, seven ethnic Albanians in Parliament, nine mayors and scores of local her about her Albanian roots council members resigned in protest three weeks ago. Albanians who have remained in the government, including The government, alarmed five members of the cahinet,

> said Mersel Bilalli, a Parliament member who did not resign. "How can I talk about cooperation? Most people believe this poverty is part of a plan by the Macedonian majority to push the Albanians aside.

Ljupco Georgievski, 33, a

BRIEFLY

حكدًا من الملاجل

Toll in Italy Mud Slides Hits 135

SARNO, Italy - A day after a mass funeral for most of this town's landslide victims, the hardened mud yielded more bodies Monday, raising the death toll in the disaster last week to 135. All but 22 of the bodies were found in Sarno. Other victims were found in nearby towns.

Monday was declared a day of national mourning, with Italian and European Union flags flown at half-staff. Rescuers continued to dig with backhoes and shovels for the missing, by some estimates more than 100 people.

There was grief and anger at funerals Sunday in Sarno. Eighty-three coffins were placed on a soccer field for a group memorial, and separate rites were held for 12 other victims. Residents have accused local authorities of fail-ing to advise them to leave their homes when the mud

Surgery on Havel Is Successful

PRAGUE — Surgeons successfully operated Monday on President Vaclav Havel to close an aperture his throat made during a tracheotomy last month, officials said.

Meanwhile doctors confirmed that the 61-year-old president should be able to leave the hospital on Wednesday or Thursday. Mr. Havel underwent the tracheotomy on April 24 in Innsbruck, where he was hospitalized for emergency surgery on a perforated in-testine. The procedure Monday, which took 45 minutes. was carried out at the Prague military hospital. (AFP)

One-Day Walkout in Denmark

COPENHAGEN - Several thousand workers left out of a labor settlement last week went on strike Monday in a one-day protest to demand that they, too, be given more

About 1,000 workers of the Lindoe shipyard on Funen Island walked out, as did 320 employees of Radiometer, a manufacturer of electronic measuring equipment. Also on strike were 500 workers on two construction projects, a tunnel and bridge that will link Copenhagen to Malmo, Sweden, and new terminals at Copenhagen's international airport.

To end a crippling, 11-day strike, Parliament ordered last week that the Confederation of Employers provide members of unions affiliated with the Confederation of Trade Unions with two additional days of annual vacation, plus three more personal days per year to those with children under age 14. (AP)

Strike Halts Gucci Murder Trial

MILAN - The first day of the murder trial of Maurizio Gucci's former wife and four other defendants was over almost as soon as it began Monday as a lawyers' strike forced a week's adjournment.

Dozens of people showed up in court, hoping to see the fashion scion's former wife, Patrizia Reggiani Martinelli,

but she exercised her right not to attend the trial. Prosecutors contend that she masterminded the 1995 murder of Mr. Gucci, grandson of the founder of the company famed for its luxury leather products. They allege she hired a two-man hit team through a highsociety psychic and a hotel doorman after her former husband had her alimony cut by 50 percent.

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Holbrooke In Belgrade On Kosovo

BELGRADE — The U.S. envoy Richard Holbrooke met President Slobodan Milosevic of Yugoslavia on Monday to try to break the diplomatic deadlock over the province of Kosovo as fight-ing neared Pristina, its cap-

Calling the situation in Kosovo "extremely danger-ous," Mr. Holbrooke and a colleague, Robert Gelbard, flew from Tirana to try again to persuade Mr. Milosevic to open talks with Kosovo's eth-vic Albanian majority, which seeks independence. Mr. Milosevic rules that

out, while also rejecting for-eign mediation. Efforts to start talks have been stalled by his rejection of such mediation and the ethnic Albanians' refusal to negotiate without it. Economic sanctions, in-

a freeze cluding Yugoslavia's assets abroad and a ban on foreign investment in Serbia, have failed to force Mr. Milosevic to

change his mind.
The danger, as Western officials continue to note, is that a war in Kosovo could spread across Yugoslavia's borders into Albania and Macedonia. The ethnic Albanians are a majority in Kosovo, where they make up 90 percent of the 1.8 million population.

Mr. Holbrooke's mission is one of the last chances to avert a full conflict between Serbs and the separatist Kosovo Liberation Army, diplomats said during the

Separatist attacks forced the police to close Kosovo's main east-west highway only (1)2 kilometers (7 miles) outside Pristina on Monday after a police convoy was attacked close to the airport.

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The Associated Press

ASUNCION, Paraguay - The candidate from Paraguay's longtime governing party has beaten his rival by a commanding margin in the race for president, according to preliminary election returns Monday.

With votes counted from 4,653 sites — 45 percent of the polling stations — official results gave Raul Cubas of the Colorado Party 404,554 votes in Sunday's presidential vote, or 54 percent of

Domingo Laino of the opposition Democratic Alliance was second with 322,347 votes, or 43 percent, the returns released by the Supreme Tribunal of Electoral Justice showed.

Two minor opposition parties bad 1 percent each. Other votes were declared null, the report said.

At stake was Paraguay's first peaceful transition from one civilian president to another since a 35-year dictatorship ended in 1989 with the toppling of Alfredo Stroessner. The next president begins a five-year term Aug. 15, taking over from President Juan Carlos Wasmosy.

Mr. Cubas, 54, did not wait for the official results but celebrated his victory after exit polls were made public Sunday. He was joined by tens of thousands of exuberant Colorado loyalists who partied for hours in the streets of the capital city, Asuncion.

"We go bumbly in our victory," Mr. Cubas declared as fireworks exploded

Sunday marked the third presidential bid for Mr. Laino, 62, who quoted an election official as saying he suspected



Raul Cubas, presidential candidate of Paraguny's governing Colorado Party, with supporters. In front is his running mate. Luis Maria Argana.

outlying election districts.

Members of the governing party attacked Mr. Laino's claims of fraud.

"It truly surprises me - it really saddens me — to see this response of the Alliance," said Senator Diogenes Martinez, charging that the opposition wanted only "to gain power under any

But Carlos Filizzola, Mr. Laino's vice presidential running mate, said the attacks were an attempt to intimidate the two-party opposition coalition.

complete, we will have obtained elec-

fraud in some results faxed in from total justice and we will have a re-

sounding victory," he said, The tensions, which came after a peaceful Sunday at the ballot box, complicated Paraguay's latest moves to strengthen its fledgling nine-year-old

Overnight, some apparently dis-gruntled Colorado Party loyalists gathered outside the election office in Asuncion. Scores of riot police arrived to guard the complex, but there were no incidents reported.

Three exit polls Sunday gave Mr. We know that once the final count is Cubas leads of 4 percentage points to 5 percentage points over Mr. Laino. 'Necessary' for Peace, Northern Ireland Secretary Says After Outcry

defended herself Monday Fein. against outrage over the release of IRA prisoners to at- siege in Balcombe Street in tend a Sinn Fein conference central London, in 1975, the in Dublin, saying it was a four memebrs of the IRA necessary part of the peace were transferred this month The Northern Ireland sec- the remaninder of their sen-

retary. Mo Mowlam, said she tences in the Irish Republic as understood the pain that must part of efforts to boost the have been felt by families peace process. of the victims of the "Bal-combe Street gang" of IRA hours to attend the Sinn Fein bombers who made a tri-conference, at which deleumphal appearance at a gates approved the peace weekend meeting of the Irish agreement by a large major-Republican Army's political ity.

"I know it's difficult for people," Ms. Mowlam said in an interview with BBC radio. "I know it's a problem for those who lost people.

Whether it was as a result of the actions of the Balcombe Street gang or others. it's a very, very lough time for

But, she added, "I think it was a necessary step to take to convince people of the value and importance of the agree-

The peace agreement, con-cluded April 10, will be put to voters in referendums on May in Northern Ireland and the Irish Republic.

The Balcombe Street gang, whose four members are serving multiple life seniences for at least 50 bombings and 16 murders in Britain in the 1970s, were pictured with fists raised in

Reuters triumph on the front pages of LONDON — Britain's British newspapers, along-Northern Ireland secretary side the leadership of Sinn

Britain Defends IRA Bombers' Furlough

Captured after a six-day from prison in Britain to serve

They were let out for 36

Ms. Mowlam said the attitudes of prisoners were vital to the peace process. "Prisoners are an important part of that overall agreement," she

The reaction was muted among officials of the Protestant, pro-British Ulster Unionist Party. The party leader, David Trimble, called the release "insensitive."

Some British newspapers and politicians were harsh in their criticism. The Daily Mail declared the release to "triumph for terror-.

member of Parliament, condemned the release as

But there was acceptance from others that the government was doing what was needed to push peace efforts forward and secure a "yes" vote in the May 22 referen-

By Rarbara

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By The Trans

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Colin Parry, whose 12-year-old son was killed by an IRA bomb in Warrington, England, in 1993, told The Times newspaper: "I've come to accept that all sides must take part in the peace process, and like it or not. some of them are serving

Andrew Hunter, an oppo-sition Conservative Party

BRIEFLY

Israeli Arab Has Spent 8 Years in Jail as Spy

JERUSALEM - Israeli authorities revealed Monday that they have been holding an Arah Israeli for eight years on charges of

spying for Iraq. The supreme court authorized release of information concerning the case of Munir Fathi Said in a ruling that oversumed a lower

court decision to release the prisoner from the remainder of his 13-year jail term. Mr. Said was convicted in 1990 of espionage by a court in the northern city of Nazareth and was sentenced to 13 years in prison, according to a statement released by the supreme court.

Blair Defends Shipment Of Arms to Sierra Leone

LONDON - Prime Minister Tony Blair intervened Monday in the uproar over British arms exports to Sierra Leone, stressing that Britain had acted "to help the demo-

that Britain had acted "to help the democratic regime restore its position."

"Of course, it is the case that nobody
should be involved deliberately in breaking
a UN arms embargo," he told journalists.

"Don't let us forget that what was happening was that the UN and the U.K. were
both trying to help the democratic regime
restore its position from an illegal military
coup. They were quite right to do it."

Investigators are trying to establish
whether a British security firm, Sandline
International, illegally supplied arms in
February to the elected president of Sierra

February to the elected president of Sierra Leone, ousted in a military coup in May 1997, and if this operation was approved by the British government.

Swiss Maintain Block On Assets of Mobutu

BERN -- Assets belonging to Mobutu Sese Scko. the late dictator of the former Zaire, will remain blocked beyond a May 17 deadline while Swiss authorities await

cratic Republic of the Congo, the Swiss Federal Police Authority said Monday.

Switzerland has so far frozen a total of 5.8 million Swiss francs (\$3.9 million) in accounts belonging to Marshal Mobum in Geneva banks.

The freeze was applied last summer in response to a demand from the Democratic Republic of the Congo, the government that took power after the Mobutu administration took power after the Mobutu died in was toppled. Marshal Mobutu died in (Reuters)

Canadians Visit Indians As Italians Quit Mexico

SAN CRISTOBAL DE LAS CASAS, Mexico — As five Canadian lawmakers wrapped up a probe into the treatment of poor Indiana in southern Mexico, Italian observers conducting a similar investiga-tion were leaving after the government ordered them out.
Welcomed by the Mexican government.

the Canadian Parliament members visited a remote pro-rebel township Sunday.

Mcanwhile, 70 members of the Caravan of Italian Observers flew out of Mexico Cily on Saturday after the government ordered them to leave.

Man Is Held in Toronto For Hijacking Attempt

charged here Monday with the attempted hijacking of a Portuguese airliner.

Police said Elgin Barrett, 27, was arrested late Sunday in the cockpit of an Air Luxor (formerly Air Portugal) L1011 a few minutes after charging past an airport se-curity check and barging his way through passengers who were boarding the flight to Lisbon.

Police Sergeant John Sutherland said Mr. Barrett ran down the passenger ramp, yelling: "This is a hijacking, I have a bomb. Get down." He demanded to be flown to Chicago.

A search of the plane revealed no bomb or weapons, and the flight with 256 pas-sengers was allowed to leave. (AFP)

more information from the renamed Demo-Ronald Ridenhour Is Dead at 52; Veteran Exposed My Lai Massacre

By John H. Cushman Jr.

NEW YORK - Ronald Ridenhour, 52, the Vietnam veteran who in 1969 first disclosed the My Lai massacre of Vietnamese civilians by U.S. Army troops, died Sunday of a heart attack in Metairie, Louistana, Mr. Ridenhour was horrified by the stories

he heard from comrades who had been at My Lai, where on March 16, 1968, a company of the 23d Infantry Division killed between 175 and 400 civilians and committed other atme-

Mr. Ridenhour, who first heard about the massacre from other suddiers about a month after it happened, investigated it on his own. Home from his four as a helicopter gunner in Vietnam, he wrote a 1,500-word letter to President Richard Nixon, Delense Secretary

Melvin Laird and members of Congress.

The letters, delivered a year after the killing sparked an anny investigation that led to indictments, the public disclosure of the massacre, and eventually the conviction of Lienterian William Calley Jr., whose platoon

Lienterant William Calley Jr., whose platoon had done much of the killing.

The massacre, charges that it had been covered up, and the conviction of Lieutenant Calley but no one else became a divisive controversy that badly hurt the army's repu-tation and affected the public's view of the war. Mr. Ridenhour remained bitter and dis-

illusioned, considering it a whitewash.

In an article published in The New York
Times in 1973, Mr. Radenhour said that he had written the letters disclosing the mas-sacres hoping that "it would show the Amer-ican people and their government that the policies of force abroad and deception at home were not only antithetical to the principles of a democratic society but low, mean, stupid, brutal and self-destructive as well." The question most often put in the was

not why they had done it, but why I had done it," he wrote, "In a word, justice. It was a simple appeal to justice. I was younger and more toolish then. In 1988, Mr. Ridenhour won a Polk Award

for journalism for a yearlong investigation of a New Orleans tax scandal published in City Business, a biweekly newspaper there

Juse Pena Gomez, 61. Politician The Aron mich Press

SANTO DOMINGO, Dominican Republic - Jose Francisco Pena Gomez, 61, an ad-

vocate for the poor whose cratery incited an uprising that led to a U.S. invasion of the Donumean Republic, died Sunday of cancer Once a popular mayor of Santo Domingo, Mr. Pena Gomez died just six days before



Ronald Ridenhour, a soldier turned journalist, walking on a street in Saigun, now Ho Chi Minh City, in 1971.

another hid for the post, but he never fulfilled his dream of becoming president of the Dominican Republic, having made three unsuccessful runs, most recently in 1996.

He was a supporter of Juan Bosch, the leader of the leftist Dominican Revolutionary Party Mr. Bosch won 1962 elections but was unsted in an army coup. A powerful orator. Mr. Pena Gomez made his name in 1965 by going on radio and inciting a popular uprising indemand Mr. Bosch's restoration. Leftists in the army revolted, and President Lyndon Bolmson sent 23,000 Marines to prevent a Circum talk and president and prevent a light and li Cuban-tyle revolution from erupting. With S. backing, a conservative former president, loaquin Balaguer, was elected in 1966.

John Peter, SI, the art director whose pusher of a blue rooster with fluttering Allied they stop the message "Le Jour Se Leve cheered war-weary Parisians after the Libertalion in 1944, died May I in Philadelphia of heart failure, Mr. Peter spent six decades in communications. He served as art director and editor for magazines including Life, Look and McCall's

Marjorie Lansing, 82, a political scientist huration of a gender gap in American voting patterns helped change the shape of politically the 1980, theil May I in Ann Arbor, Michigan,

HAVE BEEN THE



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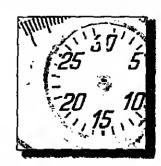
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1. Pag 1/2

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Stop Backing Suharto

Kidnapping of political dissidents by Indonesia's military is not rare. But Piùs Lustrilanang, 30, is the first survivor to describe his harrowing experience, defying threats that bearing witness would bring harm to him or his relatives. A democratic activist since his university days, Mr. Lustrilanang on Feb. 4 was forced at gunpoint into a car, blindfolded and taken to a prison (he never learned which one) where he was interrogated, tortured and held for two months.

Mr. Lustrilanang believes, without proof but based on persuasive evidence, that his captors belonged to Indonesia's armed services. Their commander in chief is President Stiharto, Indonesia's antocratic ruler for more than three decades and a longtime U.S. favorite.

President Bill Clinton not long ago blamed the Cold War for past U.S. support of dictators who squelched "their own people's aspirations to live np to the fullest of their God-given abilities." But the Cold War is over, Mr. Suharto is squetching harder than ever - and the United States is backing billions in aid to his regime.

The arguments for such aid are not frivolous; nor is it only a matter of looking out for U.S. business interests, as some critics contend. Indonesia is in the middle of a dire economic crisis. Its currency has collapsed, businesses are going bankrupt, and millions of people in the world's fourth most populous nation are being driven into joblessness and poverty. Without foreign aid, Clinton administration officials fear, these people's plight will become even more desperate, and their country

The best protection against a political breakdown is the restoration of financial stability," says Treasury Secretary Robert Rubin.

But surely the two things work to-gether; that is, financial stability is also no longer possible without political reform. Indonesia's economic crisis is a political crisis, too, brought on in large part by corruption and cronyism among President Suharto's closest aides and relatives.

The president has granted no political voice to the millions who are bearing the brunt of the crisis — and who, in the long run, will have to repay the billions in additional debt that Mr. Suharto is now assuming, with U.S. belp, on their behalf.

Yet, given Indonesia's unresponsive government, there is little assurance that aid will benefit these people. "No one believes that economic stability can be restored without fundamental political change," an Indonesian alliance of nongovernmental groups declared last week.

A pro-democracy movement, led by university students, is gathering strength in Indonesia. Its outcome is highly uncertain, and its participants are taking grave risks, as Mr. Lustrilanang knows; several of his cell-mates were released but bave yet to reappear. "I am afraid they have been executed," be says. The United States should be making clear, publicly and privately, that it is on the side of this movement - that Mr. Suharto and his army should be assisting now in a peaceful transition to democracy. Only that can bring stability and economic health back to Indonesia.

Land Mines, Again

already drawn worldwide criticism for its refusal to join an international treaty banning land mines. Now, at the urging of the Pentagon, it seems ready to undo even the modest steps it bas taken to reduce American reliance on this crude weapon. The administration is trying to repeal a one-year moratorium on the use of land mines, due to go into effect next February, that Congress and President Bill Clinton himself endorsed two years ago.

The moratorium, which is likely to be only symbolic, is nevertheless worthwhile. It was passed as a way to encourage the Pentagon to develop alternatives to land mines, especially in destroying enemy tanks. The Pentagon contends that it needs to continue using "mixed" mines — anti-tank mines that are salted with anti-personnel mines to keep enemy soldiers from taking them apart quickly. But so far the Pentagon has made little effort to that is clearly in America's — and find alternatives to mixed mines.

The moratorium might be worth sac-

The Clinton administration has rificing if in exchange the Pentagon would lift some of its objections to an international treaty to ban land mines. Some 120 nations have signed the treaty. The United States declined. Under current plans, Washington will end its use of anti-personnel mines everywhere but in Korea by 2003, but will not give up the mixed system that the treaty would outlaw.

Absent a deal for real progress. however, the moratorium should stay. Many military officials acknowledge that anti-personnel mines are far more of a threat than a protection for American soldiers.

American-made mines were the leading cause of American casualties in Vietnam. The military's fears do not justify the survival of a weapon that continues to kill civilians for decades after a war ends. Mr. Clinton should simply decide to stop giving the Pentagon a veto over a land mine treaty American soldiers' — best interests.

-THE NEW YORK TIMES.

Political Money Games

The long history of attempts to rid American politics of the corrupting influence of money proves that politicians are infinitely inventive at designing laws that can easily be circumvented. That danger is precisely why lawmakers should now be wary of legislation pushed by a bipartisan group of freshmen, which is gaining support in the House. The bill is less likely to curb the money flowing into the system than to rechannel it. It may be seized by Newt Gingrich and other defenders of the status quo as the means to deflect more effective reform.

A far better opportunity to overhaul the system lies in the approach sponsored by Representatives Christopher Shays of Connecticut and Martin Meehan of Massachusetts. Their bill would apply to political parties the same limits on donations that now apply to candidates in national elections. These limits, enacted over many decades, include a strict ban on contributions by corporations and unions, and ceilings on contributions by individuals and political action committees. Like the McCain-Feingold bill in the Senate, the Shays-Meehan bill would require independent groups running televised attack ads within 60 days of an election to live with the same fund-raising restrictions.

The freshman approach is to water down Shays-Meehan in the name of attracting more Republican support. The freshman bill would let state

parties, as opposed to national parties. raise money in unlimited amounts, although it would bar federal officebolders from raising these funds themserves. Under the legislation, President Bill Clinton or House Speaker Newt Gingrich could not dial for state party dollars. But the bill ignores how easy it would be for funds to be raised without their direct involvement.

In a separate feature aimed at enticing Republicans, the freshman bill omits the fund-raising limits in the Shays-Meehan bill on independent groups in the running of campaign ads. A wide range of organizations, from labor unions to anti-abortion groups, have joined with some civil libertarians to argue that this provision violates the right of free speech. But the power of government to regulate campaign fund-raising has been established for nearly a century. The groups running the ads are doing so as adjuncts of political campaigns. If attack ads televised within two months of an election are not covered by fund-raising laws, candidates will simply arrange for their contributors to give to the supposedly

independent groups running them. The House of Representatives faces a vote on campaign reform next month. But if lawmakers pass something that does not work, they will only breed voter cynicism and assist those politicians who would continue a corrupt system in a different guise.

—THE NEW YORK TIMES.

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The International Financial System Is Crisis-Prone

NEW HAVEN. Connecticut — When the top industrial nations hold their annual summit meeting this week in England, they can start designing what is being called a "new ar-chitecture" for global finance, including tighter regulation and more extensive disclosure of financial statistics in emerging markets.

Also, they can create the conditions for a more effective IMF.

They can even propose experimenting with controls on short-term investments, which can destabilize developing nations by moving in and out of markets with startling speed.

But even if all that is done, the

problems threatening the global economy will not go away. The international financial system has become crisis-prone in the last two decades.

In the early 1980s, the Latin American debt bomb was detonated. In 1987, stock markets crashed around the world. In the 1990s, Japan's bubble burst, the European Monetary System nearly collapsed, and Mexico needed a bailout of unprecedented size. The East Asian meltdown is only the latest in a series of financial collapses.

No one can predict where the next crisis might come from, or precisely when, but there are at least four reasons to suspect that trouble is on the way.

By Jeffrey E. Garten

First, the combination of explosive growth in world trade, direct foreign investment and cross-border trading in stocks and bonds has created an ever tighter web of connections among countries, all of which are in very different stages of development. The network is highly vulnerable.

Japan's problems include \$600 billion or more in bad debts, dragging down the banking system, as well as shrinking industrial production, sagging consumer confidence and a political system that is all but paralyzed.

China, too, is potentially at risk. Beijing has carried our many important reforms, but it has yet to tackle a banking system as insolvent as Japan's, and it has yet to close down thousands of bloated state companies.

Brazil's economy, which provides
40 percent of South America's GDP.

has an overvalued currency and a large bodget deficit, the kinds of imbalances that could cause foreign speculators to pull out. And the fate of the new European currency is creating nail-biting uncertainty in currency markets.

The global economy is vulnerable to wild market swings, too. In the last five years, the American balance of pay-

100 percent, while Europe's surplus has grown fivefold

The total amount of capital flowing to Southeast Asia dropped to \$12 billion from \$93 billion, from 1996 to 1997.

In an ever smaller international marketplace, these sharp course changes are akin to major storms in a big ocean. And emerging markets, being small boats, could be easily capsized.

A second reason for concern is that financial regulation lags well behind the phenomenal expansion in banking and in securities trading. More money is moving around the world than ever before, in more complicated ways and at ever faster rates.

The supervisory agencies face additional uncertainties. In the United States, the rules separating banking. securities underwriting and insurance are being rewritten. In Britain, regulatory agencies are being merged into one Securities and Investment Board. In Japan there is extensive deregulation of financial services.

In this unsertled environment of complicated moving parts, no one is minding the entire global store. called emerging economies. These na-

A third cause for alarm is the sotions have yet to meet the awesome challenge of building economic and

ments deficit bas risen by more than social systems capable of dealing with global capitalism. Virtually all of them lack antitrust laws, bankruptcy courts. and patent and copyright protection.

It will take at least a generation for these countries to develop a culture of credit assessment to replace the typical take-care-of-your-family ethos.

The most serious threats to financial stability occur when an economic and political system is in transition - the condition that obtains today in Asia Latin America and the former Communist countries. We can expect all manner of booms and busts in the emerging markets, with global fallout

Finally, while the financial playing field is supposedly more sophisticated now, investors and lenders are no smarter than in the past. They take the risks that traders always have, whether in the early 1700s, when European financial wizards went broke investing in the South Sea Company, a speculative real estate venture, or in the prolonged spree of the 1920s that led to the crash. or in the current Asian debacle.

The writer is dean of the Yale School of Management and author of "The Big Ten: The Big Emerging Markets and How They Will Change Our Lives." This comment has been adapted from a longer article in The New York Times.

A Strange Notion: What Goes Up Can Only Keep Going Up

PARIS — A friend said to me the other day that the word "crash" no longer is part of the American vocabulary. We only know stock market "correction," and corrections

have just to be waited out. He explained that the stock market only goes up, because immense popular and political interests, as well as corporate interests, are today committed

to its only going up.
It struck me, as he was speaking, that this might have been what Jay Gatsby was saying to his friends during the luxurious summer of 1929. But I am a child of the Depression.

It also struck me that this belief that Washington has the power to make the market perpenially go up contradicts what everyone in the markets has been saying, which is that in the age of globalization and liberalization, governments are no longer relevant. We have recently seen

crashes in Asian markets. Most Americans seem confident that By William Pfaff

lief is that the American economy has been transformed into one that can only grow.

This seems to me a very romantic view of globalized American capitalism, which by objective measurement has not proved notably more efficient (or even more global-ized) than the post-World War II economy.

The level of international exchanges is little larger today than it was at the end of the 19th century, when the indus-trial countries functioned on the gold standard, their version of a single currency.

Since the end of fixed ex-

change rates in 1971, the major industrial economies have mostly seen lower growth, higher unemployment and productivity growth lower than before. They experienced a sharp deterioration in overall performance in the 1980s and

the United States will not suf-fer from that. The general be-president of Queens' College, Cambridge, notes in a new Swedish Foreign Ministry as-

sessment of globalization.

Growth of GNP in the major industrial countries during the 1983-1992 period was about half that of 1964-1973. Growth of GNP per capita in both periods was lower than in the immediate postwar period in 18 of the 20 OECD countries. It is true, as President Bill

Clinton recently said, that 'over any given 15- or 20-year period, the stock market has always outperformed ... government bonds." One reason is that world war and cold war drove the economy. As recently as the Reagan administration. the United States gave itself a solid stimulus of Keynesian deficit spending. Britain, the other leading free market economy, enjoyed a bracing devaluation in 1992 (the effects of

ton is right about the stock market is that you knowingly accept a fixed return from bonds because your money is safe. Stocks may outperform bonds on the way up, but stocks can ruin you by going down. It's all in the timing.

The United States has been the principal beneficiary of globalization. The largest net international transfer of resources from 1983 to 1992 was to America, at an average rate of \$100 billion per year. After 1992 there were big net transfers of both portfolio and direct investment to Asia and to Mexico as a result of market liberalization there, leading up to

financial crisis in both places. The fact that American investors escaped major losses in those crises, thanks largely to American-promoted IMF rescues, has added to the sense of invulnerability in the new economy. This undoubtedly is influenced by the parallel

The other reason Mr. Clin-military invulnerability. The same friend said to me, "Do you think any other empire has ever been so powerful? I said that in sheer physical

power, the answer obviously is no." But Greece, Rome, the great Arab empire of the 8th to 2th centuries, Spain and Portugal, Britain, France - all left more profound and even positive cultural marks on the foreign societies they dominated than America has done. America's global hegemony

is only a few years old, and its sustained world engagement goes back only to 1941. We will see what comes next. It is not unreasonable to argue that we today experience the peak of America's influence. But even if that is wrong,

I cannot believe that the American market can only go up. I would stick with an older American assumption, that if something seems too good to be true, it probably is.

Hard to See How the Suharto Presidency Can Survive

ANBERRA — Political Commentators have consistently underestimated the resilience and coercive power of Indonesia's President Suharto. Thirty-two years in office testify to his extraordinary endurance and domination of Indone-

sian politics. His re-election for another five years in March seemed to give the lie to those who predicted that be would not see out the current political and social turmoil, the worst that Indonesia has faced since Mr. Suharto, then an army general, came to power in 1966.

Still, recent events suggest that the pessimists may be right this time. For all his political dexterity and tenacity, it is bard to see how be can survive this

BOLOGNA— Germans, including many of Hel-

mut Kohl's own allies, have

been loud in criticism of the

agreement be reached in Brus-

sels on a self-limiting term for

the president of the European

Central Bank. They are

The chauvinism and obdur-

acy they attribute to President

Jacques Chirac are in fact a

projection of their own be-

havior. They seem to suppose

that they can have a unified

Mr. Kohl set aside narrow

electoral calculation and a

narrow notion of Germany's

national interest. But the de-

piction of him as now a tragic

figure, choosing likely elec-

toral defeat rather than wreck

European union, is absurd. It

is by no means certain that he

In any event, he has defined

himself historically as the uni-

fier of Western Europe. The

real mistake would be

abandoning his life's goal, not

enforced retirement to the role

not been smart in joining the

criticism of Mr. Kohl for his

bargain with France. If Ger-

hard Schroeder becomes

chancellor, he will have to

learn to live with his fellow

socialists across the Rhine, as

well as with a Gaullist pres-

ident who speaks out for a

European social model con-

structed around solidarity.

The Social Democrats have

will be defeated.

of elder statesman.

Europe on German terms.

wrong, and he is right.

By Alan Dupont

By Norman Birnbaum mon sense of the European

latest challenge to his presiden- that the government had to cy. The confluence of forces aligned against him is fast becoming overwhelming. Students have been publicly

burning pictures and effigies of him and hurling offensive insults at him, acts that are proscribed under Indonesian law. The students' bravado indicates that they have crossed a political Rubicon. They will accept nothing less that Mr. Suharto's removal because they say there can be oo meaningful political reform while he remains.

This is sbaping up as a fight to the finish. And the momentum is slowly but surely moving in favor of the students.

If it were only the students

Kohl Was Right to Compromise

One would have supposed

that to be more appealing to

the Social Democrats than the

obsessive monetarism of the

Bundesbank, and of that con-

siderable segment of German

business for which "financial

rigor" is a poorly disguised

expression of repugnance for

The Social Democrats

should remind themselves that

the opposition to European

union in Germany draws upon

deep residues of provincial-

ism and national ressentiment

— of the sort expressed by the

neo-Nazis in the recent elec-

tion in Saxony-Anhalt. If

catered to rather than chal-

lenged, that sort of primitiv-

ism will make Social Demo-

has said he seeks a European

employment policy. That

would require him to chal-

lenge the Bundesbank rather

large burden of responsibility

for his situation. In the recent

past he refused to consider the

Delors plan for European eco-

nomic renewal, and he has

preferred not to take account

of the flagrant contradiction in

his own position. To insist that

Europe's currency must be

one but that economic and em-

ployment measures are na-

than defer to it.

It is true that Mr. Schroeder

cratic victories impossible.

the German welfare state.

worry about, Mr. Suharto might ride out the storm. But he also has to face unprecedented labor unrest and militancy as the number of unemployed is raised

by the impact of the steadily deteriorating economy. If jobless workers continue to unite with the students in anti-Suharto demonstrations, the security forces will be hardpressed to contain widespread violence and disorder.

Police and soldiers trying to control the campus and street protests are already stretched. There are ominous signs that their discipline is fraying in the

face of the mounting trouble. The combination of these

public - and its historical ex-

perience, which is that eco-

nomic policies within borders

If the borders are to fall, all

of policy has to be enlarged to

match the dimensions of a

wider Europe. The British, of-

ten accused of hypocrisy, are

in fact rather bonest in this

respect. They make no secret

of their skepticism about the

possibility of unifying the

European economy, and do

not pretend to be other than

tral bankers and authoritarian

technocrats will founder,

sooner rather than later, on

public resistance. In insisting

to his critics that European

policy has to be made by Euro-

pean governments and not by

bankers, Mr. Kohl has shown

a decent minimum of respect

for the democratic premises of

In reaching an agreement

with Mr. Chirac, he reminded

his fellow citizens that they

nations. However they may

vote in September, they will

have reason in the long run to

thank Mr. Kohl for a states-

The writer, o professor at the

Georgetown University Law

Center and o Fulbright pro-

fessor at the University of Bo-

logna, contributed this com-

the European Union.

manlike decision.

No doubt, Mr. Kohl bears a share the Continent with other

tional matters defies the com- ment to the Herald Tribune.

A European Union of cen-

halfhearted Europeans.

are of one piece.

factors has greatly increased the risk of a major clasb involving large-scale civilian casualties. That would further fan the flames of dissent and invite. widespread international condemnation, which Indonesia can ill afford.

Mr. Suharto's one significant achievement in recent weeks may work against him in the sbort term. By agreeing to reduce subsidies on fuel and electricity in exchange for continuing financial support from the IMF, the government has guaranteed that disturbances over rising prices will worsen.

Already thousands of workers have gone on strike over price rises. And there is no immediate prospect of any improvement in the economic situation, despite distasteful medicine prescribed by the IMF that the government has finally been persuaded to take.

lostead of rising in value, the rupiah, has shown renewed weakness and volatility.

So the government's hardwon economic credentials are in tatters. Some economists predict that Indonesia will suffer negative growth of as much as 10 percent in 1998. This is a far cry from annual growth of more than 6 percent, after adjustment for inflation, in much of the previous two decades.

Politically, this is disastrous for Mr. Suharto. It erodes the so-called "performance legitimacy" that has sustained his rule in the notable absence of participatory democracy.

Another piece of bad news for Mr. Suharto is a change in the attitudes of the political and business elite. Growing numbers of the elite privately express the view that he must go. Some of them are prepared to make the point publicly. The

most recent is Siswono Yudohusodo, a former minister. Even the normally supportive Indonesian Muslim Intellectuals Association bas criticized the government for not moving fast or far enough on political reform.

Oo Monday, a prominent Muslim leader and opposition figure, Amien Rais, called on Mr. Suharto to step down.

The critical unknown is the military. Mr. Suharto can no longer be assured of support. The armed forces commander and defense minister General Wiranto, is very much his own man. Those who know him well believe that he has the necessary steel and independence to move against Mr. Suharto if he believes that the president has become a national liability.

The writer is director of the Asia-Pacific Security Program at the Australian National University's Strategic and Defense Studies Center. He contributed this comment to the Interna-

tional Herold Tribune. IN OUR PAGES: 100, 75 AND 50 YEARS AGO

PARIS - The Journal des Dehats has interviewed M. Rodin on the subject of the decision of the Societé des Gens de Lettres not to "recognise" his now celebrated statue of the author of the Comedie Humaine as that of Balzac. He does not intend to bring an action against the Société because he has need of a rest and he wishes to absorb himself entirely in his works, He stoutly defends his statue of Balzac, his idea being not to imitate the form only of the writer, but to suggest his life.

1923: Reign of Terror

BERLIN - Three hundred and forty-eight persons were executed by the Bolshevists in the new reign of serror during the first two weeks of April in Moscow. The executions took place in Butyrsky Prison, and because of the intense feeling over the

1898: Statue of Balzac wholesale deaths, those in neighboring cells were spared the sound of rifle and pistol shots and the executioners were ordered to do their work with sabres and hatchets.

1948: Russian Offer LONDON - Russia called for

'discussion and settlement" of all outstanding differences be-tween the United States and the Soviet Union. The Russian move was announced by Moscow radio. It followed delivery of an American statement of United States aims denying "hostile or aggressive" intentions toward the Soviet Union. The United States did not specifically propose a meeting to discuss Russo-American relations. The Russian note contained reservations and blamed the "recent policy" of the United States for the present unsatisfactory state of Soviet-American relations and the international tension."

By Liu St Ass. ... - Carea. \$23 % Land E- x-

Reviewed by Carry Single THE amore the described exercises I grew up to Line with the man post 60s water - west affect Edwarding facts the same from English The m mother half and the state of their and the state of their and the state of the stat South American factors and any porteodically to the or are. She was only to sudding for university cuttrancetane, when the met a handsome

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Laured Man

he said

Venezielan in the company of two local The three were persons non grata in ther honeland, handsome young men on the run. One of them. Jaime, last scion of the Teran family, asked her to many him again and again and again. When she was 1. she broke down and

did it, and her minimalist prose sivile is so elliptical that the reader is left to guess why Was it because her often-absent fa-ther halled from South America, and that made Venezuela giamorous? Or that she needed a detour in her ordinary ife as an English gurl? Or was it because of lame's tales of where he'd cerne from a fairy tale hacienda in the Andes where his family ruled over hundred dreds of peasants as absolute gods, and

as far as the eye could see in any di-ferum the land belonged to the Teran Or, since Jaime and his sidekicks painted lund tales of the speciacularity country Teran family, who had been manarying since the first one of them. internativing since the first one of them had come over 10 the New World on Christopher Columbus's Second voyage, did she sense that she'd be tried by in in this world he would be taking her to that she would be forced by events to bergent herself as an entirely different

After a couple of carefree years wan-denne around Europe, Lisa is taken to tament suddenly, decided to parden in Fantasy suddenly decided to pardon hey land in Caracas and make the 10-Inpho Velera, a rough town where is mercilessly sized up by hundreds Teran relatives who make mean in of her clothes, insulting her vividity

ind or her clothes, insulting her viviewy included continuously, unaware that she included her husband, who was barely peaking to her husband, who was barely included her husband drives her out to peaking to her husband, who was parent the hacienda. Like a Joseph Comad taken hacienda. hivel the huge house has been taken forced to live in a dirt. floor shack next to a sugar-case processor. The name, the a sugar-cane processor. The zeme, the dums of unimaginable squalor, view instant district and bostility.

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OPINION/LETTERS

Heed China's Oppressed On Dealing With Beijing

By Anthony Lewis

BOSTON — With President Bill Clintoo going to China next month, attention is focusing on the control of the con again oo the questioo of how the United States should try to improve the human rights situation there. I raised the question in an interview with the Dalai Lama, who for 40 years has been a preeminent symbol of resistance to oppressioo by the Chinese Com-

munist government. "China should not be isolated," the Dalai Lama said. "It musi be brought into the mainstream of international life. Now

the next question: How?" He laoghed heartily at his own question. Then he continued, em-

*Confrontation or condemnation: I doo't think it works. The rather than independence for only pracocal way is to be a genuine friend. Within that framework, the American stand on issues like human rights, democracy, liberty and Tiber should be made very clear to

lishing friendly relations is hope to solve these problems."
He said he was "very opti-

When Mr. Clinton came to office in 1993, he first adopted a ditions in China. "It is comparpolicy of pressure oo the Chinese atively more open," he said. government to end its violations "Now some critical articles of human rights. But then he decided that that approach was in- ing Tibet are appearing. They

two best-known political prisoners, Wei Jingsheng and Wang Dan.

The Dalai Lama, who was visiting Brandeis University in Massachusetts, took a similar view of his own relations with Beijing. "At this moment," he said, "meaningful dialogue with the Chinese government is cru-

Anempts to open a dialogue between the Dalai Lama and Beijing were broken off in 1993. The Chinese government has treated his current effort in that direction disdainfully, suggesting that his talk of autonomy Tibet is a sham. He said the United States, "knowing my view, can help dispel the sus-picions of the Chinese."

"Inside Tibet things are really bad," be said. "There are human rights violations, damage to the environment, degeneration of spirituality. Talks with the chinese and establishing feelings of the chinese and establishing feelings feelings of the chinese and establishing feelings feelings of the chinese government are the real

mistic" about the trend of conabout government policy regardeffective and changed it to a may not be in hig-circulation ical reform in China." But he tian right, it would largely du-



ournals, but they are there. These are very, very positive

The Dalai Lama made it clear that his support of a friendly U.S. approach did not mean silence on human rights issues.

"If you are only coocerned about the economic side," he said, "that would be a terrible mistake. President Clinton should not go there and just for-get about the issues of human rights, freedom and Tibet."

A strikingly similar view was taken by Wang Dan, who spoke at Harvard University soon after his release from prison last mooth. He said he thought improved U.S.-Chinese relations "will help economic and polit-

added that the United States must keep emphasizing its "moral standards."

Wang Dan was a leader of the democracy movement crushed in Tiananmen Square in 1989. Mr. Clintoo has agreed, at the Chinese government's request, to visit Tiananmen Square next month. That seems a craven concession, a violatioo of the principle that America should hold fast to its ideals.

But it is equally true, I think, that America should avoid gestures likely to do more harm than good. An example is the proposed Freedom from Religious Persecutioo Act, which the House takes up this week.

Designed to please the Chris-

plicate existing human rights laws, except for a shameful pro-vision making it easier for those claiming religious persecucion to win asylum in the United States than for those tortured or threatened with death because they want political freedom.

I have always believed that Americans committed to human rights should follow the advice of the oppressed in any country, as in the Soviet Union and the old South Africa. In the past I favored sanctions oo China. Now there are signs of change: much greater freedom of movement, local elections, some lawsuits against authority. I think it is best to follow the advice of Wang Dan and the Dalai Lama.

The New York Times

Could It Be That the Brits **Are Yanking His Chain?**

By T.R. Reid

ONDON - I'm sure the pers here would call me a daft whinger for saying this, but it only took a fortnight in England to leave me completely knackered. And it's all the fault of the editors of The Washington Post.

Of course I was dead chuffed when they assigned me to be that newspaper's new Loodoo corre-

MEANWHILE

spondent. But I was nohhled by one worry. Before I leave for England, I mld them, I'd better get some language training.

Ha, the brass replied, steering me toward the airport. We've heard that joke before.

Joke? It's no joke. I've had so many naff verbal prangs in the past couple of weeks that I sometimes feel I'll have to become a total anorak before I can suss the strange and wonderful language spoken here.

Some things about England's version of English were fairly easy to learn. Once you figure out that "gaol" is pronounced "jail," that "Towcester" sounds like "toaster," that "clerk" is prooounced "clark" and that "St. John" is "sinjin "you can almost John" is "sinjin," you can almost read the language out loud with-

out sounding hapless.
It's not all that difficult to figure out that a plaster is a bandage strip, a hiscuit is a cookie and a jumper is a sweater. Or that the pound key on a telephone is the hash key. Some Englishisms seem much better to me than their American counterparts. "She's ex-directory" is both simpler and snappier than "She has an unlisted oumber."

I'm not even sure that Americans have a ooun to describe an Ann Landers-type columnist. They ought to adopt the British term: agony annt. It's certainly livelier than 'advice columnist,' or whatever an American oewspaper might use. (I still think the Japanese have trumped us both with their jinsei sodan, or "homan life consultant.")

In some areas of discourse. England's Eoglish is more direct. That stuff we pour in coffee under the label half-and-half is known here, hluntly, as half-fat. A worker who gets axed in a corporate downsizing is oot unemployed, or

On the other hand, many of the unfamiliar words I have eocountered here are draped in layers of nuance. When I first came, upon the mysterious adjective twee," for example, I turned to .my friend Mary Ann Sieghart. who writes editorials (sorry, leaders) for The Times of London. Over beer and potato chips (crisps), she gave me a virtual dissertatioo oo twee-ness. "Now, twee comes from sweet," she began, "but it actually means a bit too sweet. Twee means the white, picket fence around the Tudor.

even laid off. He's made redund-

house, and then when you go in-side it's the pink floral tablecloth for high tea, plus the dried flowers in wicker baskets, plus the scented candles. That whole scene is twee. It's charming, doo't you see, but, too charming."
Sometimes, though, such requests for help turn pear-shaped (unsuccessful). Reading the oewspaper one day on the Loodon.

suhway (make that tube), I found a leader that accused Prime Minister Tony Blair of "hunking off geography." I turned to the bloke . next to me and asked what "hunk-

ing off "might mean.
"Bunkin"?" the fellow said.
"Bunkin' off? Well, sure, mate, hunking off, it's just about the same thing as skiving, innit?"

Except for the occasional social hlunder my struggles with the 03tive tongue have been harmless and entertaining. But the other day, it cost me money. I stopped in ... at the local turf accountant - a bookie — to place a bet on the Derby (rhymes with Barbie). I picked a horse, filled in the tout slip and laid £5 on the counter. To my delight, my horse came romping home at 7-1 odds.

Instead of the £35 (\$60) windfall I had every right to expect, my winnings barely exceeded £8. When I complained, the clerk explained: "Your chit was an each-" way, mate. A four-way punt.-Quarters your quid."

"But, but, I doo't understand why..." I sputtered before he cut me off. "Doo't go whingeing about like some yohhish wally," he said. "Don't you sodding Yanks know English?"

The writer is London bureou chief for The Washington Post.

LETTERS TO THE EDITOR

Shifting Monetary Sands

Regarding "Solomonic Decision on Central Bank" (May 9): Reginald Dale is right; it makes little difference whether the Dutch banker Wim Duisenberg or the French banker Jean-Claude Tricbet is president of the new European Central Bank. Both are thinkalike clones of the German banker Hans Tietmeyer and have amply demonstrated their "independence" by slavishly following every twist and turn of Bundesbank policy. It is disheartening to think that, for the next 12 years, these men will continue to impose oo Europe their Faustian bargain: low inflatioo in return for slow growth, wretched profits, high bankruptcies, and

record unemployment. To paraphrase Dub, Dub, Dubonnet Queen Bondicca: They have made a desert, and they call it stability.

Fontenay-Trésigny, France.

Something Rotten in the EU

Regarding "Bundesbank Aide Derides 'Lazy' Deal" (May 5):
"Faul" has a double meaning in German; it can be "lazy" or it can be "foul, rotten," depending on the context. The heads of state, after having worked through most of the night, were hardly "lazy" hut they certainly produced a "rotten" result.

HORST STRUCKMEYER. Vienna.

Regarding "Behind the Big Screen" (Opinion, April 30):
One of my fondest memories of being a

9-year-old in Paris in the early 1950s involved being taken to a movie studio and being paid the, for me, astronomical sum of \$10 a day (my weekly allowance was a quarter, and Hershey bars cost a nickel) to duh Italian and French movies into English. Usually I was a newsboy shouting, "Extra! Extra! The prisoner has escaped (or been recaptured)!" as screaming headlines of Italian or French oewspapers flashed by.

Sometimes, when watching the 'Late, Late Show" in America I hear my falsetto voice coming back to me.

Dubbing and subtitling are an art, and we boys never understood the appeal of American films that had been rendered into French. I recall a Western of the era in which a cowboy swaggered up to the bar in a salooo and demanded, "Gimme a sbot of redeye." The French subtitle was, "Donoez-moi un Dubonnet, s'il vous plait,"

JAMES S. DICKEY.

Letters intended for publication should be addressed "Leners to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

BOOKS

CY CHI SULV & THE HACIENDA

By Lisa St. Aubin de Teran. 342 pages.

\$23.95. Little Brown. Reviewed by Carolyn See

THE author of this beautiful memoir grew op in London, a girl who — in post-'60s whimsy — liked to affect Edwardian fancy dress, swirling maxiskirts, hats with feathers. Her English mother had been married four times; her South American father showed up periodically to take her on trips. She was only 16, studying for university entrance exams, when she met a handsome Venezuelan in the company of two loyal

The three were persona non grata in their homeland, handsome young men oo the ruo. One of them, Jaime, last scion of the Teran family, asked her to marry him, again and again and again. When she was 17 she broke down and

did it, and her minimalist prose style is so elliptical that the reader is left to was it because her often absent fa-

ther hailed from South America, and that made Venezuela glamorous? Or that she needed a detour in her ordinary life as an English girl? Or was it because of Jaime's tales of where he'd come from - a fairy-tale hacienda in the Andes where his family ruled over hundreds of peasants as absolute gods, and as far as the eye could see in any direction the land belonged to the Teran family? Or, since Jaime and his sidekicks

painted lurid tales of the spectacularly ecceptric Teran family, who had been intermarrying since the first one of them had come over to the New World on Christopher Columbus's second voy-age, did she sense that she'd be tried by age, and she sense that she doe fried by fire in this world he would be taking her to, that she would be forced hy events to invent herself as an entirely different persoo?

After a couple of carefree years wan-dering around Europe, Lisa is taken to Venezuela by her husband after the govvenezueia by ner nusband after the government suddenly decided to pardon him. Fantasy suddenly becomes reality. They land in Caracas and make the 10-hour trip to Velera, a rough town where she is mercilessly sized up by hundreds of Teran relatives — who make mean fun of her clothes, insulting her vividly and continuously, unaware that she

speaks Spanish.
Then her husband, who was barely speaking to her by then, drives her out to the hacienda. Like a Joseph Conrad novel, the huge house has been taken over hy a business, and the couple are forced to live in a dirt-floor shack oext to a sugar-cane processor. The gente, the a sugar-cane processor. The gente, the hundreds of peasants who live in con-ditions of unimaginable squalor, view her with instant distrust and hostility.

She's only 19! ne somy 15: Her husband disappears, leaving her slone in the jungle. There is oo furniture in the shack, no supplies. For several weeks she does not have enough to eat. She is paralyzed by fear. But by the time

the gente, learned to manage the finaucial dealings of the bacieoda, mastered the arts of breeding beagles and grafting avocados. She will have had a child and saved her from several life-threatening illnesses. She will have made unexpected friends, kept herself free from the calumny of unfeeling relatives and taught herself to be a writer.

This narrative is, besides many other wonderful things, a treatise on what it was like to be born a woman just before modern feminism kicked in.

Thirty years ago, if men wanted to have an adventure, they went exploring or went to war or built big bridges or caught big fish or invented the atom

Women got married. If they wanted a

she leaves the hacienda seven years wanted adventure, they might marry a later, she will have earned the trust of man from Venezuela or a man with a terrible disposition or a man who was full-on crazy. How you stood up under these things tested your mettle. The world might limit a good woman to "marriage," but that abstractioo could be twisted and pulled and shaped.

It would be easy for the aothor to write some kind of exposé about the oppression of women or the injustice of the South American social system or the ghastliness of underclass poverty.

Lisa St. Aohin de Teran does oothing of the kind. She changed from a shy girl into a strong woman from these ex-periences; she pays them powerful re-spect, and offers a distinctive and elegant lesson to the reader.

Carolyn See reviews books regularly safe life, they married a safe man. If they for The Washington Post.

CHESS

By Robert Byrne

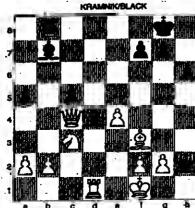
HE grandmasters Vladimir Kramnik of Russia and Alexei Shirov of Spain tied for first place in the Seventh Melody Amber Tournament in Monaco. Each scored 15-7 in the 12-entrant, doubleround robin tourney organized by the

Dutch patroo Joop van Osteroom. Kramnik is proficent in sharp tactical situations, as he demonstrated in his first-round hattle with the Dutch grand-

master Lock Van Wely.

The Semi-Slav Defense, with pawns at e6 and c6, is popular currently and is a particular favorite of Kramnik, so it would oot have surprised Van Wely.
The Stoltz variation with 6 Qc2 reduces the immediate value of 6...dc because 7 Bc4 accelerates White's development and the dI square is cleared for a white rook. But Black is in no hurry.

When Kramnik had Black again in the eighth round against Anatoli Karpov, he did not play 9...b5 at once, but diverged with 9...a6 10 RdI b5 11 Be2 Qc7 12 e4e5 13 g3; after 13...Re8 14 a3 Bh7 15 de!? Ne5 16 Bg5, White had a slight advantage.
The main follow-up to Black's yield-



VAN WELYWHITE

Position after 29 Qc4

SLAV DEFENSE White V. Wely Black Kramn V. Wely 12 Khi 17 Be2 18 Bf3 19 Re1 Qe7 Be5 c5 Rfe8 Rad8 h6 Qf6 Qf4 Rd8 Qh2 Bd4 Rb8 Nf6 e6 d5 c6 Nbd7 Bd6 0-0 dc b5 Bb7 a6 e5 1 04 2 c4 3 N/3 4 Nc3 5 e3 a Qc2 7 Be2 a 0-0 9 Bc4 20 Kgl 21 Bg5 22 Bf6 23 Rad1 23 Rad1 24 Rd8 25 Rd1 26 Kf1 27 Qb3 28 Qa4 29 Qc4 30 Resigns 10 Bd3

ing his strong point in the center with 8...dc 9 Bc4 is to counter in the center with 12...e5 or, in some cases, with

After 14...Be5, Van Wely should oot have ventured the challenging yet dan-gerous 15 Bb5?! when he could have played solidly with 15 g3 or 15 h3. He must have seen 15. Bh2! and that his king position would be exposed. Why didn't he care about that? If 16 Kh2?!, then 16...Qc7 17 g3 ch threatens both 18...b4 and 18...Be4.

On 16...Qe7, taking a pawn with 17 Ba6? would bring thunder and lightning down on the white king: 17...Ng4! 18 Bb7 Qb4! 19 Be3 Bf4 20 Kg1 Be3 21 fe Qb2 22 Kf1 Ne3 23 Kf2 Nc2 is de-

So Van Wely backed off with 17 Be2, but his king was still frail after After 28...a5, the correct defense to

the threat of 29. Ba6 was 29 Qa5. True, Black can win a pawn by 29...Ra8 30 Qb6 Ba6 31 Ke1 Qg1 32 Kd2 Qf2 33 Kc1 Be3 34 bc Qa2, but White can still put up a fight with 35 e5!?

Instead, Van Wely erred with 29 Co22 and was a sight stated by 20 Pd5!

Qc4? and was annihilated by 29...Bd5! The point was to confine the white king to the back rank after 30 ed Rh2 so that 31 Ne2 Qh1, brings about mate after 32 Ngi Rf2 33 Kei Qgi 34 Qfi Qfi. Van Wely gave up.

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willing to settle for 13 percent on top of the

27 percent already relinquished by Israel,

hoping later to gain virtually all of the West Bank for establishment of a state.

Jerusalem, however, may be given

The Israeli ambassador to France, Avi

Pazner, told French radio that May 22

was being considered as a possible new

deadline for an agreement. The New York Times reported Monday from Je-

rusalem that the administration had giv-

en Mr. Netanyahu a two-week extension

Mr. Netanyahu, meanwhile, will

"At the end of the day, in matters of

curity, it is Israel that must decide, and

Serge Schmemann of The New York

We are sticking by the points we laid

out," said an American official close to the negotiations. "We agreed to a re-prieve to make it absolutely clear we're

Mr. Netanyahu was certain to use the

time he gained to intensify his campaign against Mr. Clinton. On his five-day visit

to the United States, he will make the rounds of his supporters in Coogress and among American Jews and will give

several interviews. The main event oo

his schedule is a conference of the Amer-

ican Israel Public Affairs Committee, the potent pro-Israeli lobby, where he is

certain of a rousing chorus of indig-nation over the administration's pres-

special envoy to the Middle East, was in

Israel over the past week, Mr. Netanyaho

spread the word that the prime minister

and his government were mightily dis-

pleased with Mr. Clinton for leaning on

them, and especially with Mr. Clinton's

wife, Hillary Rodham Clinton, for say-

ing in an interview with Arab and Israeli

enagers that she favors the creation of a

Immediate indications were that Mr.

Clinton and Mrs. Albright intend to stand

firm this time. The president has already

withstood the first onslaught of lobbying

on Israel's behalf, including a letter signed by 81 senators and another from the speaker of the House, Newt Jersel

While Dennis Ross, Mr. Clinton's

doing everything we can.'

I think this is the view shared hy, frankly,

spend several days in the United States

this week to meet with Jewish leaders.

to reconsider his stance.

President Directs Albright to Explore New Path With Israeli Leader

By Barry Schweid
The Associated Press

WASHINGTON — Expressing regret over the collapse of plans for a Middle East peace summit meeting, President Bill Clinton directed Secretary of State Madeleine Albright oo Monday to meet with Prime Minister Benjamin Netanyahu of Israel in Washington this

week to explore the next moves. - Mr. Clinton said the objective of the proceed immediately with accelerated, permanent status talks."

Mr. Netanyahu rejected U.S. terms for a peace conference beginning Monday, but will be in the United States this week

on a speech-making trip.
Mr. Clinton said Mrs. Albright will report to him, after talking with Mr. Nétanyahu, on whether there is any basis

ment when he announced there would not be a meeting Monday with Mr. Net-minister in Jerusalem. Mr. Arafat was anyahu and Yasser Arafat, the Palestinian leader, to initiate the permanent

Mr. Clinton said. "I regret that." Mr. Netanyahu is to leave Israel on Wednesday for a five-day trip to the more time to consider a peace confer-United States, and has prepared a media ence blitz, including interviews with major U.S. television networks.

Mr. Clinton issued his instructions to talks would be "to seek to overcome the Mrs. Albright after a meeting with the remaining differences so that we can secretary, the Middle East special envoy, Dennis Ross; and the national security adviser, Sandy Berger. Mr. Ross reported oo his unsuccessful efforts to persuade Mr. Netanyahu to attend the lanned meeting on Monday.

Mrs. Albright will make her own case

to Mr. Netanyahu when they meet later

Mr. Netanyahu refused to accept the U.S. call for a 13 percent pullback in any of the several variations suggested by Mr.



On the day he could have been in Washington to discuss Middle East peace progress, Prime Minister Benjamin Netanyahu of Israel, left, remained in Jerusalem to address an international convention of mayors.

New Leader of WHO Targets Smoking as a Lure to Youths

World Health Organization's incoming young people from the habit was a policy

Gro Harlem Brundtland, a physician and former prime minister of Norway, said she would fight against the attractions of smoking to children.

· Legislation is needed in developing countries and the World Health Orgaaization is prepared to help, said Mrs. Brundtland, 58, who will be formally confirmed Wednesday as the organization's new chief.

"Tobacco has to be fought now because the children and young people are becoming influenced oow," she said becoming influenced oow. before the start of the World Health Assembly, where 191 member states will chart priorities.

We will have to tell the world why it is dangerous and give advice on bow to deal with it on a regulatory fashion because governments have to pass laws tobaccn companies out of business in like we have done in Europe and the relationship to adults."

BRUSSELS — U.S. and European Union officials are holding intensive talks to try to solve a dispute over U.S.

sanctions before a summit meeting in

London, but must still overcome difficult

The European trade commissioner,

Sir Leon Brittan, met the U.S. secretary

of state, Madeleine Albright, in London

on Saturday in the latest of a series of

inectings aimed at solving the dispote over U.S. laws affecting foreign investment in Cuba, Iran and Libya.

Since late last year, the State Department has been reviewing whether a \$2 hillion deal by the French nil giant

Total SA, Gazprom of Russia and Pet-

ronas of Malaysia to develop a major

Iranian gas field violates the law.

The State Department has for several

months been promising a decision soon

salving the dispute over the Helms-Bur-

ton act and the Iran-Libya Sanctions Act

in time for the London summit May 18

between President Bill Clinton and

Prime Minister Tony Blair of Britain, representing the EU.

ficials on Monday as saying that Mrs.

Albright had indicated to Sir Leon that

Washington might grant European firms

a waiver from the sanctions act before or

Neither EU or U.S. officials would

The EU has fiercely opposed the sanc-

The EU insists that a "global solu-

tion" must be found to both the 1996

Helms-Burton act, which calls for sanc-

tions laws, which it sees as an attempt to

extend U.S. authority to foreign compa-

during the summit.

confirm the report.

be reached.

The Financial Times quoted EU of-

The European Union has set a goal of

on whether Total should face sanctions.

problems, U.S. officials said Monday.

U.S. and EU Holding Talks

In Dispute on Iran Oil Deal

United States," Mrs. Brundtland said. GENEVA — Saying that she was Her comments suggest that tobacco alarmed by the vulnerability of children firms, facing hostile legislation and lawto smoking in the developing world, the suits in the West and expanding into developing markets to make up for releader said Monday that the protection of duced consumption at home, could find themselves op against a new adversary at the World Health Organization. "Tobacco is a big killer," she said. "There's no question about it. The worst

part of it is that it can reach children's laid the groundwork for the attacks on minds and invite children into the Clinton administration. His commusomething at an age when they don't nications director, David Bar-Illan. have a free choice. In many parts of the developing

world, where tobacco firms are big investors, cigarettes do not carry health warnings.
The U.S. bealth secretary, Donna

Shalala, speaking in Geneva, said that stopping the targeting of children by tobacco companies was high on her agenda as well.

Asked if her government might try to discourage tobacco companies from ex-panding in the Third World, she said: "We are not in the business of putting

property confiscated during Cuba's 1959 communist revolution from someone now a U.S. citizen, and the

Iran-Libya Sanctions Act, which calls

for sanctions on foreign firms investing in the energy sectors of Iran and Libya.

"Any solution must give secure and lasting waivers against the relevant parts

of the legislation and a meaningful com-

mitment by the United States that such

laws will not be imposed on us in the

Inoking for "secure and lasting waivers" for European companies, the official ad-

On the Helms-Burton Act, the EU is

future," an EU official said.

than a decade of denials, Israel admitted Monday that the convicted spy Jonathan Pollard had worked as an Israeli agent, a spokesman for the

by Prime Minister Benjamin Net-

grich, urging him not to pressure Israel. Israel Admits Pollard Was Espionage Agent

The Associated Press
JERUSALEM — After more

prime minister said.

"The state announces that Ionathan Pollard acted as an Israeli agent," said the statement, signed anyahu's spokesman, Shai Bazak. Mr. Pollard, a former U.S. naval

analyst, is serving a life sentence in a North Carolina prison for passing classified military documents to Israel. Despite repeated pleas on his behalf, Israel had always maintained that Mr. Pollard acted alone.

SUHARTO: Loud Calls for Resignation

Continued from Page I

the good wisdom to judge the objective

situation," the BBC quoted Mr. Rais as Mr. Suharto, who is in Cairo this week

countries, is facing his nation's worst economic and political crisis since he came to power. Even former allies have begun calling for reform, but they have stopped short of demanding that he re-linquish his mandate. "The wave for reform is so strong, so if you don't join the handware restricted." the bandwagon you're late,'' said a jour-nalist, Fikri Jufri, "So everybody wants definition of reform now.

Sir Leon's spokesman, Nigel Gardner, said he remained "cautiously op-■ More Student Protests Planned timistic" that an agreement deal could

University campuses were largely quiet Monday as Indonesia celebrated a holiday, but protests were planned Tuesday in Jakarta and in the city of Bandung, the scene of previous clashes with police, news agencies reported from Jakarta

Student protests have been continuous for three months but grew violent last tions against any foreign firm using week as they started leaving the confines

of their campuses, resulting in rock-throwing confrontations with riot police. Mr. Rais urged students to continue

their demonstrations because people, he said, have pinned their hopes oo them. But he also said the students should oot for a summit meeting of developing allow themselves to be provoked by security forces into committing violence. He said the "moment of truth" would come if the armed forces switched its allegiance from Mr. Suharto to the student movement.

"Now they look hesitant, but if the situation gathers momentum and demonstrations grow more decisive, I think in that moment of history the reform now and everybody has his own armed forces will side with the people

and say good-bye to Suharto," he said.
"It happened in 1966 when the armed forces did not side with supreme commander Sukarno and it could happeo again. I believe history can repeat itself." Mr. Suharto came to power after Mr. Sukarno.

Protests are planned Wednesday in Yogyakarta, 420 kilometers (260 miles)



Berlin children watching as an American transport plane brought supplies to the city during the 1948-49 airlift.

AIRLIFT: Berlin Remembers If Israel rejects a compromise, the

Continued from Page I

territory and to starve the West Berliners into capitulation.

The U.S. government, fearful of ig-niting war, balked at dispatching armed convoys to reopen the routes. So the U.S. military commander for Berlin, General Lucius Clay, decided the only option to a Communist takeover or the starvation of 2 million Berliners was to fly in food and

other vital supplies.

"Clay called me and asked if we could start an airlift," recalled Captain Jack Bennett, who returned to Berlin to celebrate the 50th anniversary of what he calls his most fateful decision. "At first, I told him no way, because I thought it was too dangerons to do low-level flying at night over hostile territory. Clay said we could make history, but I told him I didn't want to make history because I was young and wanted to stay alive."

Captain Bennett went oo to fly 60 missions, more than any other pilot, in what he and his fellow airmen called Operation Vittles. Years later, after East German au-

thorities huilt a wall to divide Berlin and Pan American World Airways began making regular civilian flights to the city through special air corridors, Captain Bennett became the airline's director in Berlin. But oothing matched the excitement of the airlift. "Those were the most important

flights of my life," Captain Bennett said. We saved many lives, and that is a heck of a lot better than flying tourists back and forth on their vacations to Mal-

Captain Bennett's apprehensions were well-founded.

The airlift took place during one of Europe's coldest and wettest winters this century. The landings had to be conducted at such low altitudes that many planes were nearly skimming the rooftops. Seventy-eight airmen, including 31 Americans, lost their lives in

As Berlin embarks on a new phase of its eventful history as the capital of a reunited Germany, city officials have invited Captain Bennett and nearly 1,000 other airlift veterans back for a rousing set of celebrations.

The purpose of the commemoration, according to Mayor Eberhard Diepgen. is not only to honor the valor of the pilots. It is also to remind a new generation of Germans about the unique partnership with the United States one that risks Insing its vigor new that a common strategic threat has vanished and both countries find themselves focusing on different challenges in the post-Cold War era.

As a sign of the times, the last remaining civilian air route between Berlin and the United States was canceled

the airlift, however, the special cnn- all the destruction in the last days of the nection with the United States remains war. But then, when we saw that they as strong as ever. People like Mcrcedes were bringing food and not bombs, we Wild recall that U.S. planes delivered food and candy rather than bombs.

food and candy rather than bombs,
"I was 7 years old at the time, and 1 remember buy frightened we were to Gail Halvorsen, the American pilot



Gail Halverson, a U.S. pilot during the airlift who parachuted packets of candy to the kids below, receiving kisses Monday at Berlin-Tempelhof airport from two of them, Mercedes Wild, right, and Johanna Hoppe.

Clinton Visiting Germany

President Will Stress Europe's Economic Integration

· Agence France-Presse

European economic integration and their desire to hring the three furner eastward expansion of the European Warsaw Pact countries into the West-

Mr. Clinton will attend ceremonies Berlin airlift, an operation staged hy the Western Allies in 1948-49 to bring food and supplies to West Berliners' during the Soviet blockade.

Mr. Clinton will also bold talks with Chancellor Helmut Kohl. The two leaders will have a long session together in the historic city of Potsdam, discussing NATO expansion, European economic integration, civil strife in Serbia's Kosovo Province, and relations with countries like Cuba, Iran

The Potsdam Conference of 1945 laid down political jurisdiction for the defeated Germany among four Western powers, which carved the country and the city of Berlin into East and Mr. Clinton's deputy national se-

curity adviser. James Steinberg, said the president's visit to Potsdam was 'timely" in the wake of two recent watershed events in trans-Atlantic re-

The first was the U.S. Senate's rat-

Organization expansion, admitting WASHINGTON — President Bill Hungary, Poland and the Czech Re-Clinton visits Germany this week, public as members. Both the United where he will reiterate his support for States and Germany were united as ern fold.

The second was the EU decision onmarking the 50th anniversary of the May 2 to launch the single European currency, called the euro; among flofthe 15 member countries including Germany.
Mr. Clintoo "strongly supports the

process of integration and also enargement of the European Union," Mr. Steinberg said.

Mr. Clinton was expected to highlight these two issues in a speech Wednesday in Berlin and another on Thursday at Tempelhof Airport, the main airport of the former West Berlin, during the airlift anniversary ceremonies.

In a speech Thursday in Eisenach, in the former East Germany, Mr. Clin-ton is expected to call for tolerance in the wake of an extreme-right political resurgence and to stress the importance of aid to a region with unemployment of over 20 percent.

Mr. Clinton has already spoken out on the electoral inroads made by the extreme-right German People's Union, which won 12.9 percent in Saxony-Anhalt state elections April 26, sending ification of the North Atlantic Treaty shock waves across Germany.

two months agn.

For Berliners whn were alive during help but think of the burning houses and all the destruction in the last days of the

when we first heard the engines of so who began attaching packets of candy to many planes," she said. "We could not small parachutes and floating them

down to delighted children. Captain Halvorsen and other pilots were known as the Rosinenbombers, or raising bombers, because they first dropped dried fruit to the children. As the habit became more popular, they switched to chocolate. By the end of the airlift, more than 23 tons of candy had been de-

Mrs. Wild maintained contact with aptain Halvorsen after he renumed to his hometown of Provo, Utah. When the Berlin Wall came down in 1989, she and her husband lauoched their own airlift between Berlin and Provo. Each year, they sponsor an exchange between two dozen German and American high school students that Mrs. Wild says is designed to maintain "the spirit of freedom established by the airlift.

"We hope these children will oever experience the fear and deprivation we felt in those days," Mrs. Wild said. "But they can learn the lessons of history and keep alive the warmth and generosity that have characterized ties between Germans and Americans after the

Amid all the hoopla surrounding the anniversary, the spirit of the airlift re-mains hrightest in Herbert Monien's memory. For saving the lives of three. American airmen a half-century ago, Mr. Monien will be thanked by Mr.

While pleased by the honor, Mr. Monien says nothing could surpass the clation he experienced when he received thank-you note from General Clay three weeks after the rescue.

"He included three carrons of Lucky Strike cigarettes," Mr. Monien said. "I east of Jakarta, where a bystander was clubbed to death by police on Saturday.

Amien Rais, leader of Muhammadiyah, a Muslim social organization felt like 1'd been handed the (AP, AFP) claiming 28 million members, calling Monday for Mr. Suharto to resign. felt like I'd been handed the biggest



STERNATIONAL HERALD TRIBES

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Today, what pompons of passementerie
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اعتاب الاعل

Sensing Is Believing: When Luxury Goes Interactive

By Suzy Menkes

ARIS — With the rocket boost of technology, the French lux-ury industry has projected itself from the fine linen, shiny silver and rippling silk image of the 19th century into the new millennium.

CLICK! And the ears are filled with sweet music, animal calls, global lullabies - or weird, futuristic tonalines. LOOK! And your shadow is silhouetted in rainbow colors. STROKE! And the scent of meadow flowers wafts from the neck of a giant phallic-shaped perfume bottle. TOUCH! And your fingers rasp against dried-out sponges, squelch on rubber tubes, glide over leather or are

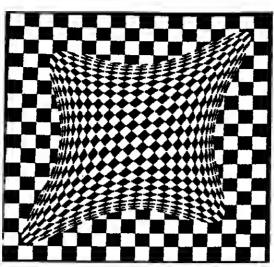
hrushed by fur. TASTE! But, darn it, those tottering towers of meringue balls and sugared cookies are the few things you are not allowed to touch.

summathe little

ing German

The sensuality of luxury is the subject of an imaginative exhibition that opens Friday at the Palais de la Decouverte, a Paris science museum. "Theatre des Sens" ("Theater of the Senses"), until Jan. 3, 1999. is just as it sounds: an exploration of the five senses that make up our complex appreciation of the universe. And that iocludes our joy in simple natural things or in the most sophisticated upscale products.

This is no ordinary look-see show, hut an interactive and high-tech experience appealing to the Internet generation and modern-minded. Staged hy the



Sight and touch: optical-illusion panel; hands stroking Hermes leather, and child's eyes from the "Theater of the Senses" exhibition.

Comite Colbert, an association of French luxury companies, its effect is to surprise, dazzle and even disturb, hut ultimately to heighten sensual awareness.

By the time you reach the de luxe products, they seemed to have been dragged literally and figuratively out of their glass cases, so that you perceive them as approachable pleasures, rather than distant objects of worship. That is summed up hy the jewelry section, in which rings leap out at you in 3-D projections; or when couture clothes are casually on show behind a veil of tulle

patched with embroidery, or when you to children, to their families, and give make a mermaid-scale gown your own as your face is mirrored above the garment. User-friendly it is.

hihition in a few words, because I believe that each visitor will have a different personal experience," said Dominique Heriard Duhreuil, president of the Comite Colbert. "We wanted to portray that extra sensual dimension in appreciating the value of a luxury

product, rather than just the savoir faire

of the craftspeople. We want to appeal

the entire public this message: 'You have senses, so use them!"" Although no one quite dares to say so, 'It is difficult to describe the ex-

the aim is really to take the stuffiness out of the luxury husiness, which has traditionally been surrounded by a quasireligious aura in France. That is reinforced hy snohhy sales assistants who often give customers the feeling that they are unworthy to enter such temples of excellence. Hanging Hermes silk scarves for sweaty fingers to stroke is to fly the flag of approachable luxury.

In its dramatic opening gesture, the show goes right hack to basics — to the different ways human- and animal-kind view the universe. Against a painted backdrop of teeming wildlife, the visitor views a ceotral abstract tableaux of shapes and colors through portholes giving the visions of man, beast and insect. You didn't know that a hull extinguishes all hlue tones, that a hat's radar makes your night visioo seem myopic, that an eagle is hifocal and that

a rabhit can see out of the back of

its head? Well, seeing is believing.

This early part of the show, de-veloped from the research and enthusiasm of Jorge Wagensberg, a Barcelona museum director, was the original proposition for the exhibition, although the rest bas been developed by a French team.

You walk through a hall of mirrors and into the sound of silence: a dead space before an intriguing audio assault. Here the language of tonality, with a collection of drum beats and mountain shepherds' whistles. Then a moving moment before global photographs of mother and child, as all their recorded lullabies hit similar ootes.

Now the visual stimulation: eyes staring from all around the room and video screens in the center. Touch? Walls of different objects to pinch and stroke. Smells? Everywhere, from animal and herbal scents to the perfumes that rise up to where decorative crystal bottles from the French fragrance houses are perched at ceiling level.

The final scene is a series of groaning hanqueting tables with (this being

France) real food on display.

"The theme is wonderful, it is about. the emotion of feeling a piece of silk, ahout people wanting to touch and take," said Alain Boucheron, referring to his jewels, each with its own music, designed to express the spirit of stooe or setting.

At the show's exit, a series of computers invites you to surf the five senses on the Internet. Luxury as virtual reality? Now that is really cool.











The buker Lionel Poilane, who has published a regional guide to 1,000 French artisans; Alain Ourtilani, a fishing-rod maker (top); Christian Bonnet, with tortoise-shell accessories; Karen Waren and her fresh-flower hats; the custom cobblers Pierre and Christophe Corthay (top), and Charles Ainciart-Bergara, a maker of sword sticks to presidents and kings.

A Show of Hands in the Kingdom of the Crusty Country Loaf

By Suzy Menkes Insernational Herald Tribune

IEVRES, France -It could have been the court of the Sun King, with the artisans displaying their wares: here a sword-stick maker and his silver-tipped, hand-polished canes; there the sleek pungent-smelling leather of the royal bootmaker, precise, fantastically carved sundials;

pompoms of passementerie. But one thing is for sure. No one in this upscale crowd is going to shout: "Let them

eat cake! For this is the kingdom of warm, crusty country bread, where Lionel Poilane, France's most recowned

country's arts and crafts.

countryside outside Paris. Poilane gathered 30 of the suppliers who feature in "Guide Poilane des 1,000 Artisans," a region-hy-region compilation of handcraft trades that may go back a thousand years.

Today, what might in the past have been dismissed as peasant culture — just like the rough and chewy country bread - is prized for its individuality and authenticity.

"The quality of life stands hy the human quality — and in the sphere of the artisan, you never cut out the human element," said Poilane.

baker, is launching his latest the boat builders of Brittany, products in use: corn-yellow carved musical instruments delicate picture hats and ac- of Christian Bonnet from Auvergne, explained how venture: a guidebook to his who have brought back to a cane chairs in a sunny garden; from the Auvergne, were cessories are made from real Burgundy, a third-generation they are used either for anhuman scale the sturdy fishing At his headquarters in the boats and custom-made yachts - and have seen an excep-

He cites as his favorite craft

and others

wrought-iron gates silhouetted against trees and sky: a cluster of hand-turned pots; tional growth in the husiness fishing rods laid out with of boats "with a soul." tackle and bait, and the ar-

The same individuality can be seen in the handmade fishing rods of Alain Ourtilani, from Chambery, in the Rhones-Alpes region, who speods 80 hours shaping bamboo canes into finely

tuned fishing instruments. some fourth- or fifth-geoer-Poilane waxes enthusiastic ation family businesses, young enthusiasts. over latticework woven from showed or demonstrated their strips of chestnut wood and crafts. The backdrop was the compares it to American baskets woven from whalebones cathedral-like circular wood store, stacked with logs to in Nantucket, Massachusetts. The guidebook is dotted feed the bread ovens.

Some, like a maker of handwith photographs of these

rose-tinted view of rural

France took on an energy and

immediacy as the artisans,

pleased and surprised that their work had been noticed and recorded. Others, like the family Ainciart-Bergara, creators of the Makhila, or sword stick, have already seen their tisans photographed in their workshops sharpening knife decorative canes used hy Ronblades or creating dainty lace. ald Reagan, Pope John Paul II But what might seem just a and hy a slew of royals and

heads of state. "You would be surprised how many we export to America," said Charles Anciart-

For all of these artisans in an industrialized world, husiness is on the rise - and often international, however obscure the trade. For just as Poilane's loaves are airfreighted to the United States for 3,000 sophisticated and wealthy customers who crave traditional country bread, so the French artisans mostly work for the world.

Alain de Saint Exupery had traveled from Aquitaine with massive locks, hinges and keys that look as though they had been wrenched from the door of Sleeping Beauty's casile. Since no ancient lock defies his ability to create the appropriate key, he works as an antique locksmith and restorer for Sotheby's and

Although artisans have been selected from throughout France, there is also a strong Parisian showing, making the book interesting even to visitors to France seeking specialists. For example, the jolly tas-

sels, fringes and pompoms of the passementerie expert Reymondon, can also been found in a Paris showroom. On the fashion side, Pierre Corthay displayed not only his hand-crafted shoes, hut also the supple leathers and wooden forms from which they are created.

Brides with a taste for the original might be drawe to the creations of Zelia, whose wedding gowns are often inspired by French regional costumes. Or to Karen Waren, whose

Poilane's book is essentially about individuals, plying a craft that gives pleasure to themselves and to others.

How strange to come Aristotle Onassis have been across a model of a giant turtle on the celebrity list. hut the real thing - the work Yves Guyot, from the how you look at it."

to create custom-made frames dens or just for the home. "because each face has its own personality." Yves Saint Laurent, Jackie Kennedy and

oculist and the last in France cient huildings, public gar-

pointless in the days of clocks about it," said Poilane. "You can use a sundial to teach your on a display table and realize

Showing photographs of children to tell the time—and that all the tortoise-shell eyehis sundials inserted as stone to understand the working of glasses are not plastic copies, slabs into existing walls, the universe. It all depends on

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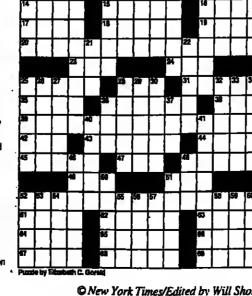
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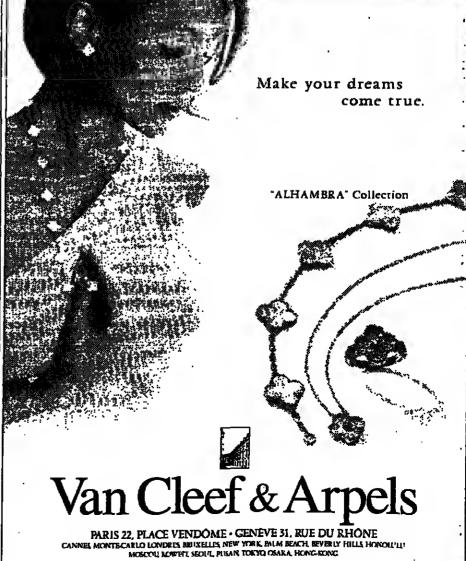
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In Malaysia,
Whose Time
No More Surplus' Might By Thomas Fuller

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Thinking Ahead /Comr Trans-Atlantic

By Reginald Date

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CURRENCY

Continued on Page 16

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In Malaysia, a Deficit Whose Time Has Come

'No More Surplus' Might Mean No Recession

By Thomas Fuller International Herald Tribune

KUALA LUMPUR - During the boom years, the Malaysian government held one thing sacred: There would be oo return to the deht-plagued 1980s. For five straight years, it kept its balance sheet in the black, and its budget surplus peaked last year at 6.6 billion ringgit

(\$1.74 hillion).

With Mooday's headlines, however, came a watershed: "No More Sur-

plus."
"We admit that it is no longer possible," Anwar Ibrahim, the country's

finance minister, said Sunday.

Mr. Anwar's comments mark a shift from the fiscal austerity that has been preached in Malaysia since Asia's financial and economic crisis started last year. It contrasts as well with the gospel of tight spending that has been preached throughout the regioo by the International Monetary Fuod.

A Company of the Comp

"We need to do more in terms of expenditure to cater for the poor, those most vulnerable due to the economic dowoturn," Mr. Anwar said.

But the government's likely return to red ink this year amid the region's financial crisis does not have many analysts worried. On the contrary, Malaysian economists said the shift was

"If the government had dogmatically maintained a fiscal surplus, it would have driveo the country into a deep recession," said Jomo K.S., an ecooomics professor at the University of Malaya.

Mohamed Ariff, executive director of the Malaysian Institute of Economic Research, agreed.

"The government here has been obsessed with budgetary surploses," he said. "They're seen as symbols of fiscal discipline. That makes sense in good times, but at times such as this it doesn't make any sense at all.

Mr. Anwar declined to say how large he expected the deficit to be, but he said it would "not be too huge as to disrupt the stability and the long-term macroeco-nomic management of the economy."

Mr. Ariff estimated that the deficit would be about 5 billion ringgit this year and said the government could use previnus surpluses to finance the gap.

Mr. Anwar said the spending would

be used "to support education, health, poverty eradication and housing" and small and medium-sized companies.

Malaysia's prime minister, Mahathir bin Mohamad, also said Monday the economic slowdown was crimping Malaysia's budget, the Bernama news

Malaysia's budget, the Bernama news agency reported.

Mr. Mahathir, speaking in Cairo while attending a Groop of 15 summit meeting, said the 15 biggest companies in Malaysia were expected to see their profits drop to a total of 1.5 billion ringgit from 9 billion ringgit in 1997.

Until recently, Mr. Anwar, who is also deputy prime minister, had battled hard to produce a sixth year of sur-

hard to produce a sixth year of sur-pluses. Prodded by the International Mocetary Fund, the government slashed spending on everything from large construction projects to stipends for Malaysians studying abroad.

Mr. Anwar's vigor in cutting spending had led analysts to comment that Malaysia - which, unlike Thailand, Indooesia and South Korea, declined to seek IMF help during last year's economic crisis — was implementing an IMF program without the IMF.

"Many of the cuts would probably have pleased the IMF but are in my judgment totally inappropriate," Mr. Ariff said, citing the reduction in edu-cation spending. "These are long-term investments in human capital, and this current crisis is just a short-term phe-

Abdul Razak Abdullah Baginda, executive director of the Malaysian Strategic Research Center, said the government oeeded an 'enormous' injection of capital to pull the country out of crisis. "We have decided out to go to the IMF," he said. "We oow have to find alternative sources of invest-Deficit spending was one source, he said.

The regional economic crisis is not the only reason Malaysia will slip into a budget deficit this year. Oil prices have collapsed and agricultural production has declined because of drought and the haze from forest fires that have plagued the region intermittently over the past year.

See MALAYSIA, Page 17



With its provocative covers, Wired has presented itself as the antithesis of glossy, celebrity-filled magazines.

Will New Owners Short-Circuit Wired?

Executives Defend Sale of Brash Digital-Era Magazine to Conde Nast

By Amy Harmon
New York Times Service

EW YORK - The sale of the pioneering magazine Wired to Conde Nast, a unit of Advance Publications Inc., for a price said to be close to \$80 million, was hailed as a crucial step forward by Wired's publisher, Dana Lyon, and the editor in chief, Katrina Heron, who assumed their jobs in December.

Ms. Lyoo and Ms. Heron, said that joining the Advance media empire, which includes Vogue, Vanity Fair and GQ, would help the magazine that defined the digital culture to increase its circulation and advertising revenue beyond what it could achieve on its own. Both of them previously worked at Conde Nast.

But the co-founders of the magazine, Louis Rossetto and Jane Metcalfe, have been unavailable for comment since informing the staff late

After financing the company's on-

line division and paying the venture capitalists who bad kept the Wired ventures affoat in recent months, people close to the situation said there would be little cash left for the pair whose vision and persistence created a new genre of magazine where traditional media companies said it could not be dooe. They are not expected to have a role in the magazine under

Conde Nast.

Wired Digital, which operates several World Wide Web services, will carry on as an independent company. The on-line company is expected to be profitable by the end of the year, but its drain oo the parent company - along with attempts to expand into book publishing, televisioo prodoction and British edition of the magazine was a significant factor in the financial problems that led to the sale of the

With a circulation of 425,000, the magazine itself has been profitable since last year. But the company's poor financial health caused it to cancel a planned stock offering in 1996, and it began to seek a buyer several months ago. Wired Digital will retain exclusive rights to license the content

of Wired for the digital realm.

The oddity of seeing San Franciscobased Wired — whose existence revolved around thumbing its oose at what it called "dead-tree media" being sold to the icon of the East Coast media elite was not lost on close followers of the publication.

With its oeoo-streaked covers, insisteot use of cyberjargoo ("in the techno realm, acronyms like RSI and LCD are as recognizable as the analog world's FBI and CIA," its style guide said) and articles on "Zippies," "Microserfs" and "The Long Boom," Wired cast itself as the antithesis of Conde Nast's glossy celebrity-filled publications.

"Wired has been a place for truly groundhreaking ideas that could oot have appeared any other place," said

See WIRED, Page 17

Thinking Ahead /Commentary

Trans-Atlantic Ties Back in Fashion

By Reginald Dale International Herald Tribune

TASHINGTON — Trans-Atlantic relations are back at the top of the agenda on both sides of the ocean. As Europe finalizes plans for a single currency, the euro, that could one day rival the dollar, the U.S. Senate has signaled America's continning commitment to the Old World by approving the expansion of the North Atlantic Treaty Organization into Central Europe.

Europe is making most of the running. The European Union has taken tentative, albeit largely unwelcome steps to gain a say alongside the United instance hy being too States in the Middle East peace process, and the European Commissioo is proposing a New Transatlantic Mar-ketplace to intensify U.S.-EU economic exchanges.

While much of East Asia remains mired in financial crisis, Europe is well on the way to economic recovery.

Although many of its problems remain unsolved, and efforts to forge a commoo foreign and security policy seem langhable to many Americans, Europe still looks a healthier partner for the United States than it has in years.

This month in England, President Bill Clinton will meet with Tony Blair, the British prime minister and current EU president, to seek new ways to strengthen U.S.-EU relations.

But while many agree that it needs to

-

be done, there is much less agreement on how. The prospect of closer trans-At- called the Gaullist and the Thatcherite lantic links, and perhaps of a stronger Europe, are stirring up old differences
— some of which surfaced at a conference this month in Istanbul that was called to discuss a new Atlantic initiative

to bring the two sides closer together. A major theme at the conference was the fear that a stronger Europe would almost automatically be anti-Ameri-

There were warnings that the euro would lead to the creation of a protectionist bloc that would be dominated hy unelected bureaucrats and that a commoo European foreign policy could be hostile to U.S. interests, for instance hy being too soft on Iran, Iraq

Among the antidotes to these ills, it was suggested, could be a trans-Atlantic free trade area and more U.S. input into European foreign policy de-

The implication of this viewpoint, espoused most notably by former Prime Minister Margaret Thatcher of Britain, is that a weak continental Europe is in America's (and Britain's) best interest.

Its antithesis is the belief, most commonly held in France, that Europe can best unite in opposition to America and that it must do so to resist U.S. hegemony. In this view, a trans-Atlantic EU to persuade Washington to take it marketplace would risk Americanizing seriously. Europe and undermining European in-

Both viewpoints — which might be - feed on and reinforce each other. Bot they are both essentially minority

The broad majority of both U.S. and European policymakers wants a closer partnership between a strong America and a strong Europe. The obvious place to start is trade, where both are global Superpowers.

But the new marketplace proposal is unlikely to fit the bill. France is hostile and the U.S. political climate inaus-

Both sides would probably want to exclude major sectors — the Europeans, agriculture and Hollywood movies, the Americans, textiles and shipping — that would gut the proposal.

Better would be a joint drive for a new round of multilateral trade negotiations (the so-called Millennium Round) and a commitment to a broader partnership to manage the global ecooomy. Mr. Clinton would have to invest some political capital back home.

The Europeans for their part could offer discussions oo phasing in the euro and send much higher-powered del-egations to the twice-yearly U.S.-EU summit meetings, especially when a small country holds the EU presidency. Except in trade, and perhaps soon in money, the oous still is usually on the

> E-mail address thinkahead@washpost.com

3.45 2.59 2.65 1.78 4.95

U.S. dollars per ounce. Rungs Zurich and Haw and closing prices: New (June.)



OLD-FASHIONED TEST OF NEW CURRENCY - Finance Minister Dominique Strauss-Kahn of France biting the first euro after it was struck Monday. The mint at Pessac then started to churn out smaller coins. Page 15.

Daimler Says It Seeks Link With Nissan

After Chrysler Takeover, Talks on a Truck Tie-Up

By John Schmid

FRANKFURT — Daimler-Benz AG, days after it unveiled a surprise takeover of Chrysler Corp., disclosed Monday that it was in talks with Nissan Motor Co. of Japan over cooperation in heavy truck operations that could lead the German automaker to buy a stake in

Nissan's truck unit. If negotiations are successful, Daimler could gain an Asian foothold through Nissan after anchoring its presence in Europe and North America with

the Chrysler transaction.

An accord could keep Daimler ahead of a wave of consolidations among world aotomakers that is expected to

follow the Chrysler agreement. Given Asia's economic crisis, which has made many Asian manufacturing assets cheaper for foreign investors, Daimler is exploiting an unusual opportunity to attain its frequently stated goal of expanding aggressively in Asia, analysts said. Within 10 years, Daimler aims to derive a quarter of its sales in Asia, the region where its presence now is most shallow. Last year, Asia accounted for only about 8 percent of its 124 billion DM (\$70.08 billion) in sales.

"This might be a good time for acquisitions," when investment conditions in Asia are favorable, said Eckhard Zanger, a spokesman for Daimler.

Mr. Zanger and other Daimler officials emphasized that Daimler and Nissan could enoperate without any share ownership. Both companies, however, confirmed that they had discussed a purchase.

"Most assume Nissan will sell the stake" if it gets the chance, said John Lawson, an analyst at Salomon Smith Barney in London. "Nissan is under tremendous pressure."

As Asia's economies stagnate, Nissan Diesel Motor Co., Japan's fourth-largest truck maker, has struggled with losses, spiraling debt and plunging sales, which in turn have become a burdeo to the parent company, Nissan Motor.

By selling all or most of its controlling 39.8 percent stake in Nissan Diesel, the smallest of Japan's four truckmakers, Nissan Motor could end its losses in the truck husiness and conceotrate oo core operations such as passenger cars and light trucks, analysts said.

*Nissan Diesel is confronted with poor domestic market and collapsed Asian markets," Mr. Lawson said.

Daimler already is a market leader for heavy and medium-sized trucks in Europe and in North and South America, making commercial vehicles the most likely candidate for the Asian arm of its global reach, analysts said. Despite the slowdown in Asia, Daimler believes the region's growth will translate within a few years to rapid growth for com-mercial vehicles, Mr. Zanger said.

Daimler said negotiations had centered on new truck development and shared parts. Dairnler hopes to supply its axles and drive trains to Nissan Diesel. Both have discussed building trucks on a common platform, or chassis, or even joint development of a new truck model

for world markets.

Daimler would take oo a struggling partner if the deal went ahead. Nissan Diesel's vehicle sales plunged 25 percent, to 111,500, in the year that ended March 31. Last month, it announced a pretax loss of 1.2 billion yen (\$90.3 million) for the year just ended, its second loss in five years.

Its debt, estimated at 170 billion yen. dwarfs its market capitalization, analysts said, and the figure does not include heavy pension ohligations that also weigh on Nissan Diesel's balance sheet. Meanwhile, the speculation that Daimler unleashed last week with its Chrysler announcement came full circle Monday with speculation that Nissan could become a third leg of the Daimler-Chrysler strategy, leading to an eventual tie-up with Nissan Motors itself. Daimler denied such intent, saying its talks were limited to commercial vehicles.

CURRENCY & INTEREST RATES

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Sources: ING Bank (Amsterdam): Cera Investment Bank (Bruss Italiana (Milan): Banque de France (Paris); Bank of Tokyo-Milsub Conada (Toronto); IMF (SDR). Other data from the Associated Pre

Pound's Rise Taking Its Toll in Britain

Manufacturing Sector Is in Recession as Outlook for Exports Stays Grim

more expensive abroad and competing products cheaper in Britain. That has

their goods, known as output prices,

rose 0.1 percent in April from March,

The prices manufacturers charge for

The data are widely seen as strength-

kept inflationary pressures at bay.

again in line with expectadons.

Compiled by Our Staff From Disputcher

LONDON — British manufacturing, hammered by the strength of the pound against its main European competitors, has finally slipped into recession after teetering on the brink for months, official data released Monday showed.

Manufacturing output was un-changed in March from February but fell 0.1 percent in the latest quarter from the previous one, the Office for National Statistics said. Output also fell in the last quarter of

1997, meaning the sector is now technically in recession, albeit only just. Production in the first quarter was soll 0.3 percent higher than the first quarter

"Manufacturing companies cootinue to suffer from a deteriorating export picture - a story expected to cootinue over coming months," said James McKay, an international economist at Commonwealth Bank of Australia. The pound's 18 percent rise since

August 1996 has made British products

ening the hand of those arguing that the Bank of England should not raise in-terest rates again. "It's very unlikely that we'll see a further rate rise from bere," said Adam Cole, an economist at

> Survey evidence from the Confederation of British Industry and official trade data have showed exports turnhling and confidence at an 18-year low because of the pound's strong rise against European currencies over the past two years. But while industry is struggling, the larger services sector is still healthy and of more concern to the Bank of England as it considers the appropriate

the brokerage HSBC James Capel.

level for interest rates. The bank's key securities repurchase rate was last raised in November, and many economists think the next move, while a ways off, will be downward.

Markets are now awaiting the minutes of the bank's Monetary Policy Committee meeting on Wednesday as well as the Bank of England's quarterly inflation report. Investors will examine the reports for clues as to how the bank sees the fumre path of inflation and interest

In the first quarter, only one manufacturing sector - engineering and allied industries such as machinery and optical and transport equipment — increased production from the fourth quarter. Output in that sector rose 1.9 percent. Textile, leather and clothing producers, by cootrast, cut their output by 2.2 percent

Overall industrial production, which includes energy, rose 0.7 percent in March from February, as higher demand for heating pushed op utility output by 3.0 perceot. Mining output rose

Rate Stability in Germany Gives a Lift to the Dollar

Compiled by Our Stuff From Duspenches

NEW YORK - The dollar rose against the Deutsche mark Monday as investors factored in the reduced likelihood of a German interest-rate

Weaker sentiment for the mark began Friday, when Otmar Issing, chief economist of the Bundesbank, said he did not share the market's conviction about a near-term German rate increase. His view echoed an analysis given by Hans Tietmeyer, president of the Bundesbank, on Thursday.
"I think that we've seen the bot-

tom for some time," Jerry Gleason, chief dealer at HYPO Bank in New York, said of the dollar-mark rate. "The U.S. economy is uniquely solid, quite different from what we see in Germany.

The dollar rose to 1.7760 DM in 4 P.M. trading from 1.7705 DM on

But many other traders said the dollar was likely to decline against the mark in coming months amid signs of recovery in Germany and

burgeoning confidence in the euro, which will supplant the mark as Europe's benchmark currency.

'The market is prepared to sell dollars and buy marks with the coming of the euro," said Ralph DelZenero of First Chicago NBD Corp. "There will be more demand

FOREIGN EXCHANGE

for the euro, and it's likely to be a stroog currency."

The dollar slipped against the Japanese currency, falling to 132.835 yen from 132.770 yen, amid signs that the Japanese government was moving closer to implementing its stimulus package of 16 trillion yen (\$120.4 billion). On Monday, the Japanese cabinet approved plans for . 6 trillion yen in extra spending in the current fiscal year. The dollar was also at 5.9585 French francs, up from 5.9375 francs, and at 1.4842 Swiss francs, up from 1.4800 francs. The pound was at \$1.6293, down from \$1.6365.

(Bridge News, Bloomberg).

Sumitomo to Pay \$125 Million Fine

Bloomberg News WASHINGTON - Sum-

itomo Corp. agreed to pay \$125 million to settle U.S. ebarges stemming from illegal copper trading that led to \$2.6 billion in losses, the company and the Commodity Futures Trading Commissioo announced.

The Tokyo-based trading company agreed to set aside an additional \$25 million to pay restitution for investor losses, the commission said at a news eonference, ending an investigation that began in late

In addition, the company said it was paying £5 million (\$8.2 million) to the U.K. Financial Services Authority. formerly known as the Securities and Investments Board, to settle similar trading charges.

The company said it neither admitted oor denied trading violations. The commission said it would not ben Sumitomo from U.S. futures markets, an option that was available.

Sunbeam to Fire 6,400 . France Starts **And Shut Some Plants**

Compiled by Our Self From Dispositors

DELRAY BEACH, Florida Sunbeam Corp. said Monday it would fire 6.400 employees, or 40 percent of its work force, and shut a third of its plants, as the maker of mixers and grills slashes costs following three acquisitions and an unexpected first-quarter loss.

Chief Executive Al Dunlap said be expected the moves to save \$250 millioo a year at Coleman Co., Signature Brands USA Inc. and First Alert Inc., which Sunbeam just bought for \$2 billion. The cuts will result in pretax charges of \$380 mil-

Mr. Dunlap, knowo as "Chainsaw Al" for mass firings at companies he has led, is trying to restore his credentials as a turnaround expert after two warnings of lowerthan-expected sales cut the value of Sunbeam's shares by half in two months. Yet he disappointed Wall Street again Monday with weak first-quarter results.
"The perception that he can gen-

that would be assumed by SBC. SBC sbares closed \$3,5625 lower

at \$38.8125. The company said the

takeover would reduce its earnings

per share in each of the oext two

years bot then enhance them after

that Ameritech stock ended up

■ Bond Yields Rise Above 6%

U.S. bood prices had their biggest

loss in two weeks, pushing bench-mark 30-year yields above 6 per-

cent, as the Treasury and other bor-

rowers prepared to sell about \$33

billioo of debt in the oext several

The price of the benchmark 30-year bond fell 25/32 point to 101 8/

32, pushing its yield up to 6.03 per-

of \$22 billioo of three-year and 10-

year notes in its quarterly debt auc-

government reports on inflation this

week. Rising consumer and producer

prices could prompt the Federal Re-

serve Board to raise interest rates.

tions Tuesday and Wednesday.

The Treasury plans to sell a total

Investors also sold bonds ahead of

ceot from 5.97 percent Friday.

days, Bloomberg News reported.

\$2.125 at \$46.

erate earnings by slashing costs is no longer there," said Bart Wear, a funds manager at Winslow Capital. Sunbeam shares fell \$2.1875 to \$25.625 in late trading. The shares have numbled from a high of \$53 on proper country

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The maker of Sunbeam kitchen and home products, Coleman camping products, First Alert smoke alarms and Mr. Coffee machines posted a first-quarter loss of \$44.6 million, reversing a profit of \$20.6 million a year ago. The results included a one-time charge of \$36.8 millioo for early retirement of debt and compensation expenses for new cootracts signed by Mr. Dunlap and two other top executives.

Revenue fell to \$244.3 million from \$253.5 million, mostly on weak sales of barbecue grills.

Mr. Dunlap, who took over Sun-beam in 1996, slashed 6,000 jobs and closed nearly three-quarters of its facinities and warehouses before buoting for new businesses.

(Bloomberg, AP).

Very briefly:

• Dell Computer Corp. signed contracts with Unisys Corp. and Wang Laboratories Inc. to provide worldwide service and support to Dell corporate customers, replacing Digital

· Sprint Corp. has been charged in a class-action lawsoit with misleading customers about expansino plans for the company's U.S. wireless-phone service. The lawsuit alleges that Sprint and other companies went back on a promise to expand their oetwork oatioowide using a technical standard known as Global System for Mobile Communications, or GSM.

 Groupe Publicis SA, a Paris-based advertising company, acquired the U.S. advertising agency Hal Riney & Partners.
The price paid was not disclosed.

 AT&T Corp. and oegotiators for two unions reached ten-tative agreement on a contract covering 51,800 workers across the United States.

 Citibank has taken control of the Mexican bank Coaffa SA, more than eight mooths after it originally agreed to buy the bankrupt bank, expanding its retail business in the Mexican Bloomberg, IHT. Reuters

Weekend Box Office

The Associated Press LOS ANGELES -- "Deep Impact" dominated the U.S. box

office over the weekend, with a gross of \$41.9 million. Following are the Top 10 moneymakers, based oo estimates for Friday through Sunday.

Columbia Pictures)

Continued from Page 1

of 18.45 billioo guilders (\$9.25 bil-

A counterpoint to the takeover ac-tivity was Du Pont Co.'s plan to spin off as much as 20 percent of the shares in Conoco Inc., the first step in the chemical company's planned divestiture of the oil company. Du Ponr's 1981 takeover of Conoco for \$7.6 billion, in which it bid against Seagram, was one of the earliest deals in the long advance of the stock market after the stagflation of the late 1970s. Seagram ended up with a stake in Du Pont, which it sold in 1995, around the time it purchased MCA.

If the SBC purchase of Ameritech goes through, the enlarged SBC would reach U.S. consumers from the West Coast, across its Southern stronghold, through the Midwest and into southern New England. SBC already owns Pacific Telesis

Group, which it bought last year for \$16.5 billion, and it is buying Southern New England Telecommunicatioos Corp., which was not one of the seven spin-offs from the old American Telephone & Telegraph monopoly but is one of the larger of the many independent U.S. localphone companies. The only one that is anywhere near the size of the Baby Bells, however, is GTE Corp. Edward Whiteacre Ir., the chair-munications Group in the Ro The deal would make Bell Atman of SBC, admitted the offer Mountain area to find partners.

Corp., the second-biggest local phone company, serving much of the Atlantic coast.

Ameritech has been one of the most active Baby Bells internationally, with \$7.5 billion invested in boldings in Europe such as a 42 percent stake in TeleDanmark AS. 17.5 percent of Belgacom SA, 29 percent of Matav Rt. in Hungary and

U.S. STOCKS

20 percent of NetCom ASA, the Norwegian mobile-phone company. It recently turned a \$1 billion

profit by selling its 24.95 percent interest in Telecom Corp. of New Zealand, a company in which Bell Atlantie maintains a similarly sized stake. Ameritech reportedly said it excessive deregulation and weak planned to use the proceeds of the sale to expand in Europe. SBC has a few smaller European

holdings, but Bloomberg News reported from Londoo that its purchase of Ameritech would lead to larger investments. It quoted John Clarke, an analyst at Daiwa Europe, as saying that Ameritech's "suc-cessful push overseas is a distinct part of the reason" that SBC sought to acquire the company.

Edward Whiteacre Jr., the chairmunications Group in the Rocky

lantic Corp., the Baby Bell that pur-chased its Northeast sibling Nynex 'Given the size and significance of the transaction, we expect close scrutiny but ultimate approval from regulatory authorioes," he said.

SBC and Ameritech cootended that their amalgamation would expand competition because they would be able to reduce prices thanks to economies of scale and to allow other companies that want to provide local telephone services more efficient support systems.

This logic was lost on the Coosumer's Union,

"This merger is extremely dangerous for consumers," The Associated Press quoted Gene Kimmelman, co-director of the consumer group's Washington office, as saying. "It is the inevitable backslide toward monopoly and resolts from antitrust oversight."

AT&T Corp. also opposed the transaction, saying state and federal regulators "shouldn't even think about allowing this latest deal to go through until, at the very least, SBC and Ameritech have proven that consumers in their states have a real choice of local service." The deal also would put pressure

on the smaller BellSouth Corp. in

Apple Polishes DEALS: SBC Offers \$65 Billion for Ameritech Amid a Wave of Stock Takeovers New Macintosh Ameritech sbareholders are to receive 1.316 shares of SBC for each Operating System share they bold, making the deal worth \$51.65 a share, or about \$56 billion for the 1.1 billion shares outstanding. In addition. Ameritech has about \$9 billion of long-term debt

Bloomberg News
SAN JOSE, California —

The biggest update for Apple Computer Inc.'s Macintosh operating system since 1984 will be released in the third quarter of 1999, Apple's interim chief executive, Steven Jobs, said

The system, MacOS X, is the centerpiece of Apple's software strategy. It marks another stop in Mr. Jobs's strategy of scrapping old, complex plans and implementing simpler ones.
Since taking the helm 10 mooths ago. Mr. Jobs has shut down production of more than 15 products and replaced them with simpler machines.

"We've managed to fix a lot of things in the past 10 months," Mr. Jobs told software engiocers at a conference here.

MacOS 10X will run applications software written for the current MacOS 8 operating system with only some of the pro-grams needing "tuning up." Mr.

High Low Letteral Chigo Oping

Apple's stock rose 50 cents to close at \$30.9375.

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The 300 most traded stocks of the day,

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A Section



France Starts Minting the First Euro Coins

By Barry James

Mernational Herald Tribune

PESSAC, France - A glinering copper shower of coins poured from a high-speed press Monday to turn Europe's single currency from ab-

deaux will circulate as legal tender from Helsinki to Lisbon as at least 11 European countries scrap their existing money and bring in the euro.

The French finance minister,

Dominique Strauss-Kahn, pressed the button that produced Europe's first officially minted euro a gold- and silver-colored coin with a national French motif on one side and a map of Europe without frontiers on the oth-

lustrates the fact that we are moving to a new, concrete reality for 300

million people." he said. The euro, which becomes Europe's official currency on Jan. 1, will be equal in value to the present European currency unit, or ECU, an accounting value based on a basket of currencies which on Monday was

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A couple of weeks ago, France rocked the European Union by pushing to the brink its demand that the oew president of the European confirmed there would be a German the future European Central Bank. Central Bank, Wim Duisenberg, should step down early from his

Confirmed there would be a German candidate but declined to elaborate.

The newsweekly Der Spiegel reeight-year term to make way for the governor of the Bank of France, Jean-Claude Trichet.

Mr. Duisenberg will remain in office until at least the first half of former state secretary to the Finance 2002 to put his signature oo the first Ministry. euro banknotes, and oversee the introduction of the coins and notes that will soon be pouring out of plants like this all over Europe.

But now that the dispute over his appointment is behind it, France seemed keen to stress its commitment to the new currency by converting its companies develop into global conmint to the new coins faster than anyone else and, Mr. Strauss-Kahn said, by enabling companies to con-nesses that transfer profits abroad to duct all their business with the govemment in euros starting on Jan. 1.

Making another point, Mr. Strauss-Kahn said the plant in Pessac would with no loss of productivity. The government is seeking to introduce a shorter work week by the turn of the century as a means of reducing unemployment, but also, it maintains, to steel.

improve flexibility and efficiency. straction to reality.

In little more than 3½ years, the coins produced at this plant near Bor
the largest of its kind ever undertaken, EU governments will produce some 70 billion euros worth of currency. It will take the entire three years to mint and print, store and distribute the currency. The factory at Pessac, a long, low building with about 30 high-speed presses, will work flat out producing about 12 million coins a day, in eight denominations ranging

reign of the franc. In 1360 King John the Good struck gold coins to signify that his part of France was "franc des anglois," or free of English domination. Decimal coinage, with a franc divided into 100 centimes, was in-troduced throughout France by the revolution, giving the country an era euro from a skeptical public before its of stable money until early part of the 20th century.

In 1958, France introduced a

new currency. Apart from a few 10-The euro will end the 638-year centime pieces, France is no longer

producing the franc.

Mr. Strauss-Kahn said that thousands of Finance Ministry employees would start visiting schools next week to explain how the new currency works. The government hopes that this will win acceptance of the introduction less than eight months from now. He stressed that during the franc worth 100 old francs, which is would be obliged to use euros.

"In a few years, we will have this money in our pockets, and this ilbuttering in our pockets, and this ilbuttering in the few years, we will have this properties in the few years, we will have the few years and the few years are properties in the few years.

from one cent to two euros.

BONN — Germany said Monday it would put forward a candidate to head the European Bank for Reing another dispute with France over a prestigious European Union post. France in January.

Commenting on reports over the weekend that Finance Minister Theo Waigel planned to nominate his former top aide, Horst Koehler, for the job, the Finance Ministry

The newsweekly Der Spiegel re-ported in its latest edition that Mr. Waigel favored Mr. Koehler, the current president of the German savings banks' representative body and a

Spiegel said Mr. Waigel had told
Finance Minister Dominique are people in Germany who are
Strauss-Kahn of France of his wish.

"But it is correct to say that there
are people in Germany who are
qualified to carry out this important

The job has been vacant for more office," he said. construction and Development risk- than four months since the retirement of Jacques de Larosiere of

> The German annouocement threatened to open up a new dispute with France a little more than a week after Germany accepted a compromise with Paris over the top job at and make companies more trans-

Mr. Strauss-Kahn indicated last week that he wanted Philippe Lagoyette, the former bead of the French state bank Caisse des Depots Consignations, to take over.

Mr. Waigel, speaking to reporters in Leipzig, declined to comment on

The comments came as the bank opeoed its anoual meeting in Kiev.

Lender's Plans for East The European Bank for Recon-

struction and Development said it would create new financial products parent to help foster market ecooomies in Eastern Europe,

Bloomberg reported from Kiev, The bank said it would help develop products such as leasing, home mortgages and car loans as well as support programs to encourage deregulation of the regioo's

Germans' Profit Transfers Under Attack

Compiled by Our Staff From Disputche

BONN - As more German cerns, the head of the opposition Social Democrats said Monday, busiavoid taxes are "unpatriotic."
The official, Oskar Lafontaine,

told the Bild newspaper that his party, which hopes to unseat Chan-

a practice, 'If a company uses the advant- Siemens AG and Porsche AG.

ages bere, for example, outstanding skilled workers, roads, et cetera, yet barely pays taxes here, then that's the election. "So what is the SPD unpatriotic," Mr. Lafontaine said.

shift to a 35-hour week, in two shifts, cellor Helmut Kohl in the elections hard Schroeder, who paints himself

Montreal

in September, would not accept such as husiness-friendly, at a forum with leaders from such companies as

The business leaders asked him to clarify his party's tax plans ahead of about - cutting taxes to this level or The interview coincided with an just keeping things the same?" asked appearance by the Social Demo- Heinrich von Pierer, the managecrats' candidate for chancellor, Ger- ment board chairman of Stemens. (AP. Reulers)

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Phone Firms Investor's Europe **Abroad Back** U.S. Modem

By Seth Schiesel New York Times Service

NEW YORK - Several of the world's largest telecommunications companies agreed Monday to join a computer-industry group to work on ways to transmit huge volumes of information over standard telephooe wires.

The Universal ADSL Working Group said British Telecommunications PLC, Deutsche Telekom AG, France Telecom, Nippoo Telegraph & Telephone Corp. and Singapore Telecommunications Ltd. had joined the industry group. ADSL stands for asymmetric di-

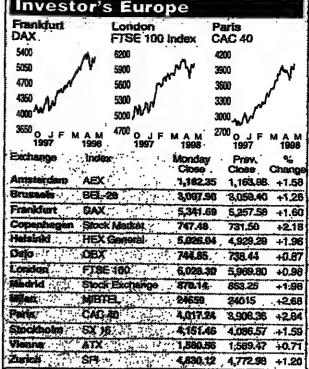
gital subscriber line, a technology that the group said could allow consumers to link their personal computers to the Internet at speeds 30 times those of the most advanced modems generally available today.

Compaq Computer Corp., Intel Corp. and Microsoft Corp., three titans of the personal-computer world, announced the group's formation in January aloog with the six largest U.S. local telephone compas. The group is trying to make ADSL-based modems available to the poblic by the end of the year.

The support of the international phone giants promises to increase the group's prospects of developing a global standard for the phooe-line technology. Many variants of the system have been invented. But without a single standard, phone companies have been reluctant to invest hundreds of millions of dollars in network equipment that could prove incompatible with other

companies' systems. The other carriers' support should make it easier for the working group to win the support of the International Telecommunications Union, which coordinates global technical standards. The group is hoping to get approval from the global agency

for the technology by autumn. As a bonus, the version of ADSL technology being developed by the group could provide simultaneous internet and voice-phone access.



Very briefly:

· Pearson PLC is considering huying the publishing businesses that Viacom Inc., which owns Simon & Schuster, has

• Seagram Co. is close to an agreement to purchase Poly-Gram NV for between \$9 billion and \$10 hillion, people familiar with the situation said.

• Royal KNP BT sold its packaging division for 3.4 billion guilders (\$1.7 hillion) to the European venture-capital companies Cinven Ltd. and CVC Capital Partners BV, which plan

to seek a separate stock listing for the husiness. • Thomson Travel Group PLC shares rose to 193.5 pence (\$3.17) from an initial price of 170 in their first day of trading. Thomson Corp. sold off the package-tour operator to focus on its core publishing activities.

· Courtaulds PLC, the chemicals company that has accepted £2.26 hillion bid from Akzo Nobel NV, said another company had approached it about making a higher bid.

• SGS-Thomson Microelectronics NV will spend \$1 hillion on research and pilot production sites in France and Italy. • The European Commission will block a digital pay-tele-

vision alliance between Bertelsmann AG and Kirch Group unless the German media companies make substantial concessions. But it did approve Allianz AG Holding's takeover of Assurances Generales de France, paving the way for it to form the largest European insurance group.

• The Czech Republic is dropping a quota system begun in January oo European Union apple imports. Bloomberg, Remers

WORLD STOCK MARKETS

Monday, May 11 Prices In local currencies. Amsterdam AEX Induc: 1192.25 Provious: 1143.99 Previous: 1143.98

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Markets Closed The stock markets in

Bangkok, Bombay, Kuala Lumpur, Jakarta, Manila and Singapore were closed Mon-day for a holiday.

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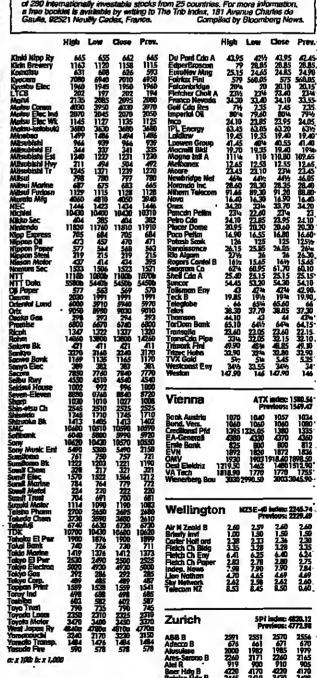
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World Index	198,03	+ 1.81	+ 0.92	+ 15.06
Regional Indexes				
Asia/Pacific	90.21	+ 1.15	+ 1.29	— 6.10
Europe	239.04	+277	+ 1.17	+ 23.83
N, America	246.50	+ 1.62	+ 0.66	+ 14.13
S. America	143.43	— 2.54	1.74	- 6.09
industrial Indexes				
Capital goods	250.49	+ 1.67	+ 0.67	+ 21.2
Consumer goods	230.22	+ 1.78	+ 0.78	+ 9.7
Energy	217 <i>.</i> 72	+ 0.46	+ 0.21	+ 11.63
Finance	145.13	+ 1.37	+ 0.95	+ 18.03
Miscellaneous	171.05	+ 1.73	+ 1.02	+ 14.12
Plaw Materials	208.38	+ 6.02	+ 2.97	+ 24.60
Service	202.30	+ 267	+ 1.34	+ 16.00
Utilities	173.40	— 0.58	0.33	+ 3.91



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ASIA/PACIFIC

Philippine Rivals Agree in Praising Ramos on Economy

By Don Kirk International Herald Tribus

CAVITE PROVINCE, Philippines — They accused one another my sponsors. I believe in him." of stealing ballots and terrorizing voters Monday, but the candidates from this booming provioce south of Manila have one thing in common: They are both committed to the economic reform policies of the out-

villa Jr., who was watching the re-

turns in the walled compound that he shares with his father, who was running for re-election as a senator.

"When I out married he was one of said the vounger Mr. Revilla, who is the walled compound that factories fill a special economic zone by Manila Bay.

"More investors are coming in," and the vounger Mr. Revilla, who is the post in his own right Monday. Vowing revenge, Mr. Remulla province until just three years ago.

Mr. Remulla, a real-estate tycoon to run for governor and persuaded

Ramos economic program lies in the new six-lane expressway that runs the 24 kilometers (15 miles) south of is so fast." Manila 10 the heart of the province, going president, Fidel Ramos.
"The president is my godfather," said Governor Ramon "Bong" Remial areas bordering Manila Bay.
New shopping malls draw crowds to high-fashion boutiques and mass-

Moody's also lowered its senior

to put its commercial banks under

10 South Korea, which sought a res-

to put its banking sector in order.
Dealers said the cuts in ratings

further pressured the Seoul Stock

weakened on concerns over labor

The exchange's main index

Also on Monday, leaders of South

closed Monday at 361.58 points,

down 13.02 points, or 3.48 percent.

Korea's higgest conglomerates

warned the government not to hack

down on legislation allowing them

to lay off workers, while labor un-

ions were angered by the govern-

ment's rejection of an application to

legally recognize the Korean Con-

protests could spark an exodus of

foreign investors," said a local broker who asked not to be iden-

tified. (AFP, Reuters, Bloomberg)

■ Seoul Seeks 2 More Arrests

Prosecutors sought arrest war-

"Another round of violent labor

federation of Trade Unions.

unrest and regional issues.

The ratings action was a new blow

'increasing stress.''

"More investors are coming in," said the younger Mr. Revilla, who Evidence of the success of the Philippine movies. "We are invit-

> strumental than Johnnie Remulla, a the younger Mr. Revilla, then deputy long-time governor who earned bis governor, would become governor

market stores, and more than 300 nickname, "The Boss," from the and have a better chance at winning



Andrew Grove, chairman of Intel, speaking Monday in Taipei.

Intel Sees Taiwan Business Rising 50%

TAIPEI — Tapping into the strength of Taiwan's personal computer market, Intel Corp., the American microprocessor American microprocessor giant, forecast Monday that its business

cent in 1998. Since 1995, Asia has become the PC hub of the world," said John Davies, Intel vice president and geoeral manager of Asia Pa-

Intel said it expected its con-

of 80 Pentium II 400 MHz developing systems to 10 Taiwan software companies. They would in Taiwan would increase 50 perbe used to develop more Pentium

II-supported software.
With Taiwan's buge production of motherboards, graphic cards, scanners and notebooks, Mr. Davies said Taiwan was "a huge piece of the market."

like his father was an action star in Philippine movies. "We are inviting more of them. That is why recovery here from regional recession is so fast."

with making the mistake of opposing Mr. Ramos in the 1992 but served as campaign manager. The younger Mr. Remnlla, who shares a walled compound with his father about two miles down the father about two miles down the line was defeated by a Ramos named to his

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clan, recognized one aspect of in-dustrialization that his father was perceived as overlooking during more than 12 years as governor: the power of a rapidly growing labor force. "My father suffered from an im-

age problem," he said. "He's a tra-ditional polinician. He was portrayed as anti-labor.

JonVic Remulia has little trouble identifying with Joseph Estrada, the vice president and front-running presidential candidate, who ran against Mr. Ramos's man, Jose de Venecia. "Estrada's policies are very pro-poor," said JonVic Remulia, promising to focus on "improving education and opportunities for the people."

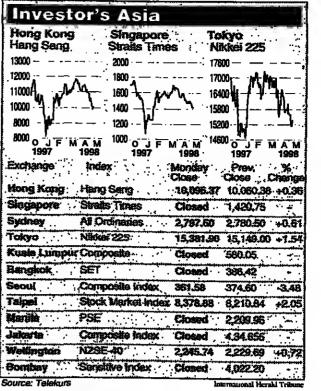
Basically, however, JonVic Remula could see no difference between Mr. Estrada and Mr. Ramos. at least when it came to liberalizing the economy, encouraging foreign investment and opening np markets. Estrada has the same platform as Ramos," he said. "It will be just a cootinuation of the same economic policies."

If the candidates agreed that the policies of the past six years of Mr. Ramos were correct, they scoffed at one another's ability to carry them out. "Governor Revilla and Senator Revilla have no advocacies," said JonVic Remulla, "Neither has any

clear-cut policy."
The younger Mr. Revilla counters with what he calls "a 12-point program offering a 20-20 vision' for the future. His next dream, he said, was to turn the Philippine Navy base at Sangley Point into a port rivaling Manila or Subic Bay, the former U.S. Navy base.

But hoth Governor Revilla and his father, the senator, admitted a certain affection for Mr. Estrada as a fellow actor. "I'm an action star just like Estrada," said the senator, who, like Mr. Estrada, has had children hy several women. "He was a very

The senator said he had joined Mr. Ramos's party to support his son's political ambitions. Still, he recognized Mr. Ramos's accomplish-



Very briefly:

• China's industrial production grew 7.9 percent from a year earlier, to 608.7 hillion yuan (\$73.6 hillion), in the first four mooths of 1998, the state statistics hureau said, compared with growth of 11.4 percent in the like period a year earlier.

 Pizza Hut in Singapore is seeking Muslim religious leaders approval to try to increase sales, the Straits Times said. The Islamic Religious Council of Singapore said it received an application last week from the company saying Pizza Hut planned to replace the ham in its Hawaiian pizza with cbicken and to drop beer from its meou.

• Fidelity Investments plans to challenge Bankers Trust's dominance of international retail investment funds in Australia through an alliance with Perpetual Trustees Australia Ltd., a domestic fund manager and trustee company.

 China has ruled out the possibility of lifting its ban oo direct selling in the near future, an official of an American directselling company said. The ban, announced last month, has forced companies including Avon Products Inc., Amway Corp., Sara Lee Corp. and Mary Kay Cosmetics to suspend their China operations.

• LG Metal, South Korea's largest electrolytic copper-smelting concern, said it was negotiating with Nippon Mining Co. and others about finding a huyer for the company.

• Haseko Corp., a major Japanese home-builder, said it would prune its payroll 10 percent over the oext year to cope with a prolonged decline in housing starts

 Thailand's rice industry is headed for trouble as more than 2,000 millers have defaulted oo loans in the past two months, the newspaper The Nation reported.

· Australian tourism has suffered significantly from Asia's economic crisis, with operators expecting weaker sales and job losses over the rest of 1998, a top tourism official said.

ments. "He has a very good economic policy," he said. "He's one of the best presidents we've ever had."

• Suzuki Motor Corp. has oot made a decisioo on possible collaboration with General Motors Corp, in Europe, a Suzuki spokesman said.

• AFP, Bloomberg, AP, Reuters

Moody's Cuts Ratings On Big Korean Banks

Compiled by Our Staff From Disputcher

SEOUL - Moody's Investors Service Inc. lowered its debt ratings and/or subordinated debt ratings and Mooday on the state-run Korea De- financial-strength ratios on 15 other velopment Bank and 18 other South South Korean banks, saying the Korean banks, dealing a new blow country's financial crisis continued

to the nation's struggling economy. The U.S. rating concern said its action reflected the continuing deterioration of the banks' financial

Moody's cut its long-term debt

Cue package from the International

Monetary Fund late last year that is rating on Korea Development Bank now valued at about \$57 billion. As South Korea's higgest bank - part of that deal, South Korea agreed and Export-Import Bank of Korea, which finances trade, to Ba2 from Bal. The rating for Industrial Bank of Korea, which lends to small and Exchange, which has recently medium-sized businesses, was cut

Japanese Capital Flows Overseas After Rule Change

Reuters

TOKYO — Japanese capital rushed overseas in April, the For-eign Ministry said Monday, with 3.09 trillion yen (\$23.17 billion) in net capital flowing out of the country in April, compared with a net inflow of 7.83 billion yen in the previous mooth.

The exodus came after the govemment revised its Foreign Exchange Cootrol Law to liberalize rants for a former presidential aide April 1, are part of Japan's "Big

Bang' deregulation package. back against other currencies.

"About half of net overseas investment by Japanese might be due to the revision of the foreign exchange law," said Kazuto Uchida, chief strategist at Tokyo-Mitsubishi

Securities Co.

worth of Japanese stocks and bonds,

In March, Japanese investors sold 951 billion yen worth of foreign stocks and bonds, while foreigners bought 169 billion yen worth of

cross-border capital transactions, and the former bead of a bankrupt The changes, which took effect car company accused of aggravating South Korea's economic crisis, The Associated Press reported.

a former head of Kia Motors Corp. Kim Sun Hong was accused of diverting 30 billioo woo (\$21.6 millioo) in company funds to purchase Kia stocks to maintain his mana-Dealers said that if the ontflow The men are Kim In Ho, a former gerial rights. He also was charged Korea's economic crisis by ignoring cootinues, the yen is likely to be held economic aide, and Kim Sun Hong, with illegally demanding that Kia signs of its arrival last year.

Motors guarantee 400 hillion won in debt incurred by several of its subsidiaries. A former finance minister, Kang Kyong Shik, already bas been charged with worsening South

Malaysia to Lend \$250 Million to Indonesia

Compiled by Out Staff From Disputches

CAIKO The rest was a result of institutional investors buying back foreign the fallont of the Asian financial crisis, securities after selling them to record

Saadillah Mursjid, an Indonesian minister

When Mr. Malathir said last week that

leases the balance of its rescue package.

Mr. Mahathir is attending a summit meeting of developing countries in Cairo.

President Suharto of Indonesia is also at-

Mr. Mahathir said. "We cannot interfere

When Mr. Mahathir said last week that

once the International Monetary Fund re- said Syed Husin Ali, chairman of the tiny

"We try to help as much as we can," ordinary people in Malaysia?" (AFP, AP)

On June 8th. the International Herald Tribune will publish a Special Report preview of



or the expert and the uninitiated, the Special Report will not only provide insight and analysis on the teams, the stars and the competition that will unfold on the field. It will also include useful tips and background aimed at helping visitors make the most of their stay in France outside of the stadiums.

Rob Hughes, the IHT soccer columnist and one of the most provocative writers on the sport, will look ahead to the five weeks of twists and turns to the World Cup Final, examining the contenders and pretenders.

John Vinocur, the IHT's Chief Correspondent and a lifelong student of the game, will look beyond the corner kicks to the metaphor that soccer has been and remains, a point of cosmic global spectacle.

Christopher Clarey, the globetrotting IHT sportswriter, will bring his pinpoint descriptions to the report, looking at the hosts, an international team for an international event and a symbol of the French melting pot.

Patricia Wells, the IHT's renowned restaurant critic, and Barry James, a veteran IHT correspondent, will team up to offer visitors a touch of history and a taste of smart touring and dining tips for all of the World Cup host cities.

The Special Report will also include a full schedule of World Cup matches throughout France, with an accompanying map, and a concise guide to the tele-vision stations around the world planning to broadcast World Cup matches.

For more information about advertising in this Special Report, please contact Bill Mahder in Paris at (33-1) 41 43 93 78 or fax (33-1) 41 43 92 13 or e-mail: supplements@iht.com.



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profit in March, the conclusion of Japanese financial year, be said.

Japanese investors' foreign securities purchases totaled a net 2.84 IMF bailout package arrives, said Marth in Mohamad, prime minister of Malaysia. Indonesia will repay the loan investors sold a net 250.9 billion yen in April, while foreign investors sold a net 250.9 billion yen investors sold a ne

— Maiaysia wili lend \$250 in our neighbor saliairs but we will be

said. 'Is it not more useful to help the

WIRED: Brash Digital-Era Magazine Joins a 'Dead Tree' Empire beauty and fashion magazines, so

Continued from Page 13

Jon Katz, who writes a media column for Hotwired, Wired's on-line publication. "The question for Conde Nast is, Can they leave it alone, or will they force in the magazine and the continued from Page 13

S.I. Newhouse will help us do that."

Ms. Heron said Mr. Newhouse, whose company was already an investor in Wired, called her Friday morning to express confidence in the magazine and they leave it alone, or will they force it into the mold of their other achingly hip, sweet-smelling, narcissistic maga-

But Ms. Heron, who worked at The New Yorker and Vanity Fair before her stint at Wired, said the acquisition was consistent with the new direction the magazine had been seeking.
"In the beginning, Wired had to

scream and rant and rave, partly because being completed to sell it to Los no one knew what we were talking about Angeles-based Miller Publishing, the and partly because it was a way to get attention," she said. "We don't need to attention," she said. "We don't need to attention," she said. "We don't need to pand its reach into a new market. I'm interested in doing is taking this I'm interested in doing is taking this interested in doing is taking this communications, a chairman of Walker Communications, a I'm interested in doing is taking this magazine, which has built a great hrand hnt not the ability to promote that brand, and take it to the next level. Getting this kind of recognition from someone like

Francisco. "We have long admired Wired for its innovative approach to publishing and its strong editorial voice, ' the media mag-

nate said in a statement. "We look for-

ward to working with existing management to grow the magazine further."

Mr. Newhouse made a last-minute offer for the magazine just as plans were owner of Spin and Vibe. Analysts said the acquisition would help Advance ex-

publishing consulting company, 'they've come to realize they've pushed the envelope as far as they can go with

they're stretching for new ideas. But there may be some culture clash. Those people don't care whether they're wear-ing Chanel originals. That's not one of their motivating forces." Wired put out its first issue in January

1993, just as the Internet began to get trendy. It drew criticism for its relentless otopianism and its boosterism for the technology industry that supplied many of its advertisers. But it also inspired a generation of digital entrepreneurs, attracted consumer advertisers such as Volvo AB and Ahsolut Vodka and won a National Magazine Award last year for general excellence.

"There would be no cyberbusiness, no cyberculture without Wired," said Michael Wolffe, author of "Burn Rate," an account of the Internet boom of the 1990s soon to be published hy Simon & Schuster. "I can't tell if this is the end of Wired or a new chapter for Wired and for this whole husiness.

Dow Chemical Sees Clearance in China

BEUING — Dow Chemical Co. expects approval for its planned joint-venture trading company in China "no later than June," Michael Lung, president of the company's China operations, said Monday. The venture, which is 51 percent

owned hy Shenzhen OCT Petroleum Trading Group Corp., was approved last June, but its opening has been held up by government reorganization. The venture would be able to import and export chemicals or other products to

or from any port in China.

Dow China sales now total \$500 million a year, oot of the company's
Asian sales of about \$2.6 billion last year. The Michigan-based company established a holding company in Beijing last month to handle its existing investments in China of about \$100 million.

MALAYSIA: Budget to Slip Into Deficit

Continued from Page 13

"We're talking about a collapse in the revenue hase for the government," Mr. Jomo said. "Many companies will probably not be paying much income tax at all this year."

Another factor is that, in recent years, sales of government assets such as power and telephone companies greatly contributed to budget surpluses. But, given the depressed state of the financial markets, the government cannot easily turn to asset sales to raise

And theo there is the issue of pride. Malaysia wore its growth rate and

hudget surpluses as a badge of honor during the boom years. 'It's not even a question of pride any more," Mr. Razak said. "We've lost

that already. ■ Minister Chastises Foreigners health, The Associated Press reported. The primary-industries minister, Lim Keng Yaik, charged that foreign analysts, some of them working for creditrating concerns or the mass media, had an agenda of their own aimed at fi-

rumors about the country's economic

nancial and political gains, the Bernama news agency reported. The people need to be aware of this and not to react to the economic turmoil by looking inward and start arguments within ourselves," Mr. Lim said. He did not elaborate.

With its financial markets in turmoil and the ringgit down by 40 percent since last year, many Malaysian leaders have hlamed currency speculators, analysts or the Western press for some of the

Last week, Mr. Mahathir criticized Standard & Poor's Corp. for lowering Malaysia's long-term foreign currency Minister Chastises Foreigners

A senior Malaysian official accused foreign analysts Monday of spreading ity Tenaga Nasional Bbd.

INTERNATIONAL HERALD TRIBUNE, TUESDAY, MAY 12, 1998 PAGE 18 217 COLBERT SECURITIES ASSET MAGT LTD m CSAM Positioning Fd \$ 21,02 16.551 1005.4 1005.4 375.58 551.14 形號 F Germanyal (Lux)
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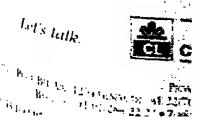
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Private Banking

Trusts Cast Off Fusty Image

By Barbara Wall

ANCHESTER - If the mention of trusts and trust funds conjures up images of old money and bespoke private banking arrangements for the truly wealthy, think again. Trusts can be a useful and cost-effective financial planning tool for individuals with modest fortunes who wish to preserve family assets and ease the settling of their financial affairs after death.

Carlyn McCaffrey, a partner in the New York law firm Weil, Goishal and Manges, suggested that middle-class clients with a net worth of \$100,000 to \$200,000 could consider setting up a trust fund as part of their general financial planning.

However, she said, many people fail to take action because they are afraid they might lose control over the trust assets and impose too many restrictions on beneficiaries.

While some of the old-style trusts were inflexible, modern trusts are more imaginative and user-friendly." Ms. McCaffrey said. "One type of



David Chambers said that more people are using charitable trusts.

trust that is gaining in popularity is the lifetime, or spendthrift trust. This arrangement makes sense for parents who do not want their offspring to have immediate access to their in-

'The power to appoint trustees and to act as a co-trustee gradually devolves to the beneficiaries, allowing them the same control over the unpassed on in a will."

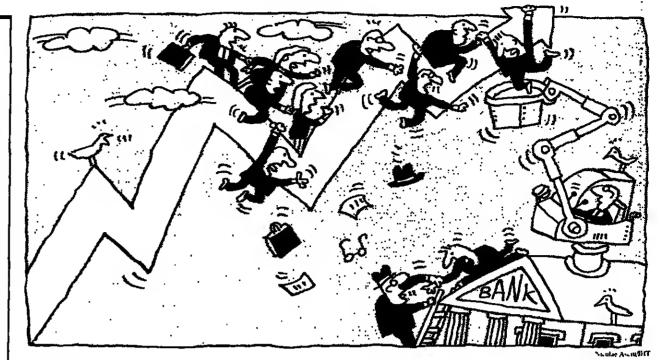
Another advantage of the trust, Ms. McCaffrey added, was that if one of the beneficiaries got into financial difficulties, creditors would not be able to make a claim on the trust assets.

David Chambers, chief executive officer of Merrill Lynch Trusi Company in New York, says he has noticed an increase in the use of charitable trusts, in which the settlor leaves a capital sum to charity and holds the income in a trust fund, or

"Charinable trusts have proved pop-ular with clients who want to leave charitable bequests and hold appre-ciated securities which they want to cash in to provide a regular income," he said, "If the securities were surrendered in the client's own name, the proceeds would be hit by capital gains

Another type of charitable trust leaves the income to charity and the capital sum remains in trust. If the capital sum is left to beneficiaries in a

Continued on Page 20



Riding Crest of Equity Wave

Europeans Clamor to Up Ante in Stock Portfolios

By Sharon Reier

ARIS — As European stock markets rocket upward, private bankers from Zurich to London say they face a growing chal-lenge to keep clients' feet on the

ground. Traditionally, European clients "had a different risk anticipation of the stock market than U.S. clients," said Marcus Bischofsberger, office manager at Merrill Lynch Private Bank in Zurich. "U.S. clients learn very early about the markets when they go to school. In Europe, that education process is just beginning.

When Mr. Bischofsberger left for assignment in the United States several years ago, he said, Europe had few television programs that dealt with markets. When he returned several months "they were all over the place."

As little as two years ago, said Carlos Perez-Parada, senior investment executive for Europe. Middle East and

Africa at Chase Manhattan Private Bank in Geneva, a typical conservative cus-tomer had all his financial assets in bonds and money-market equivalents. and was looking for total returns on time deposit plus a few points.

transition has meant the same

conservative clients now put 20 to 25 percent of his assets in equities. "We don't see people as getting euphoric," cautioned Ono Waser, head of investment research at Bank Julius Baer Private Banking. 'But people who would normally say 'no more than 30 percent of my portfolio in equities' are now willing to accept 50

percent in equities easily. Temptation is everywhere. Mr. Bis-chofsberger said. "Clients see bow stock markets have performed in the last two years and guess it will go on this way, and even if they are only rising at

half this rate they will make money."

Since autumn, the European markets' gains have been "almost uninterrupt-

ible," said Bruce Russell, bead of global research and investments at Barclays Private Banking in London, Germany's DAX index has moved from 3,800 to more than 5,000 since November. And in fringe markets like Finland, Portugal and Ireland, markets have risen more than 50 percent in the first quarter of 1998.

Meanwhile, Italian, Spanish and Portuguese investors who have been accustomed to double-digit returns from bonds, are now seeing yields shrink to 6

Of course, European stocks have had their heady moments before. But according to Mr. Perez-Parada, recent client behavior during adverse market conditions shows a definite attitude change. He cited as a litmus test the Asian crisis. In the past, be noted, after the coup in Russia or when there was a rift over Economic and Monetary Union, clients dashed out of equities. They were viewed as purely speculative. "This

Continued on Page 20

Treading Gingerly for Asian Assets

By Thomas Fuller

UALA LUMPUR — Private banks in Asia have taken on a new job in the last few months: helping rich European and American clients pick through bargain assets amid the rubble of the

region's economic crisis.

Devalued currencies, plunging property values and the emergence of a cash crunch at once-thriving companies have created, in theory, a shopper's paradise for foreign buyers.

David Cripps, senior portfolio coun-selor at the Hong Kong office of Cit-ibank Private Bank, says his bank bas belped clients from Europe and the United States look at botels and private companies of all sorts in Hong Kong.

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'Cheap markets attract attention.' he said. Investors "want to position themselves in tangible businesses in Asia — buying property, participating in businesses in one form or another. They see it as cheap and depressed and they have confidence in the long-term viability of the region.'

But far from a shopping spree, Mr. Cripps and other private bankers in Hong Kong and Singapore say, the in-terest shown by European and Amer-ican clients might better be described as window shopping.

Wealthy private bank clients that have come to the region looking for bargains bave been frustrated, just as many foreign companies have. One reason: Private bankers say that in many cases it is still too early to judge the value of both tangible investments, such

as real estate, and portfolio investments, such as stocks and bonds.

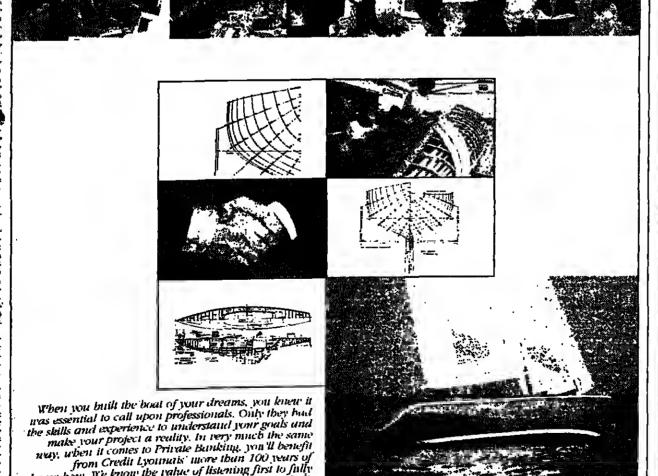
T've had many calls from people asking if it's already time to invest in Asian financial instruments," said Juerg Kiener, chief investment officer in Singapore for the Asia-Pacific region at Union Bancaire Privee, a Swiss bank. "A lot of Latinos who've gone two or three times through boom-bust cycles are willing to bet on Asia and are looking for opportunities. But a lot of them are frustrated when they start seeing

where the valuations are. One such valuation is the price-earnings ratio — the price of a stock divided by the most recent profits per share. Mr. Kiener said that while markets in Latin America during the bust cycle dropped

Continued on Page 21

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PRIVATE BANKING / A SPECIAL REPORT

In Latin America, New Wealth Shakes Out Old Family Habits

By Aline Sullivan

EW YORK — As their Asian and Middle Eastern clients retrench, private bankers are turning to Latin America, where stable economies and rapidly growing markets are encouraging investors to shed some of their conservatism.

There has been a huge increase in wealth levels, particularly in Brazil, Argentina and Chile, but also in some of the smaller markets," said Edward Montero, the Latin American division executive at Citibank Private Bank in New York. "Even Mexico is starting to grow again after years in the

Indeed, high net worth investors in Latin America will account for \$3.8 trillion, or almost 17 percent, of the total wealth held by individuals with investable assets of more than a \$1 millioo by 2000, predicted Merrill Lynch and the London-based management consultancy Gemini Coosulting in their 1998 World Wealth Report published in late April. That compares with just \$2.5 trillion, or 14 percent of the total last year.

Bankers attribute much of this growth

to a surge in stock market listings among family firms in Latin America eager to take advantage of high share values. There is a los of nostalgia, particularly among the older members of the families, but the younger generation sees the success of the privatizations and wants to cash in." said a Miami-based banker who asked oot to be identified. "It can be sector. sad for the families, but it is certainly



The locale is Buenos Aires hut the ambiance is European. Inset, graph shows Latin America's rising affluence.

At the same time, the economic environment in much of the region is encooraging entrepreneurs. Governments are selling state-owoed companies whole or in substantial chunks, elimicating export taxes, reducing trade barriers and opening up the private-banking

Not surprisingly, Latin America has become the fastest-growing region for

many private banks. "Europe is overmoney, and Middle Eastern oil prices are not what people in that region would like," said Stephen Owen, a manager at Brown Brothers Harriman & Co. in New York, "But in Latin America we are seeing a lot of oew wealth being cre-

This oew wealth is accompanied by a shore investments.

degree of new confidence. For decades, banked. Asians are repatriating their Latin American lovestors who bave high net worth have been eager to get their mooey out of their countries and their region. They considered their home and businesses more than ample exposure to their volatile economies and were interested only in the most conservative and discreet U.S., European and off-

"Capital preservation has always been the ultimate goal of most Latin American private banking clients," Mr. Owen said.

Brazil which is the engine of the region."

Rosario Perez, the Latin America They can not tolerate oegative returns. They say: Here is \$5 million. Don't lose it.' They want to feel that if things get sticky at home they can leave and live on their \$5 million in the U.S."

Today, bowever, there appears to be a new willingness among some clients to and intense global competition. This has keep at least part of their mooey at home. Onshore investment is growing in pop-services providers. ularity as governments try to create a more favorable tax and regulatory en-

In Brazil, for instance, investors have recently been allowed to invest more freely abroad. As a result, traditional, lower-yield and lower-risk investments in bank deposits and bonds are falling from favor as their returns decline while equities are growing in popularity.

These investors are oow interested in a broader array of products, including cooditions and, although offshore investmeots remain crucial, they are now choosing to also reinvest in their own country and region.

Diego Polenghi, bead of the Latin America division at Credit Suisse Private Banking in New York, seconded that view. "It's a brave new world in Latin America," he said. "Today's clieots areo't carrying the heavy inflatioo clients are suffering. burdeo of their fathers and grandfathers, in their own economies, particularly in cut.

market manager for Chase Manhattan Private Bank in New York, observed that private investors are expanding their view not only by choice hut also by necessity. "Clients in Latin America are facing increased industry consolidation changed the way they view financial

"They have shifted from traditional, offshore private banking products to integrated, global solutions which address a complex set of business and personal needs. Ms. Perez said. Ideally, they want these solutions delivered by a single global provider who can advise them on regional and global issues ranging from tax and regulatory reform to the latest alternative investment opportunities.

HAT is good news for banks in some of the paper investment products of their home countries," said Mr. Montero of Citibank. "Their decisions have always depended on economic European — mostly Swiss and Spanish - and local competitors. "Wheo business is good, the Latin Americans want dynamic partners who will be able to focus on their total balance sheets, not jost the offsbore portioo," Mr. Polenghi

> "These are perceived to be American. European banks, which have a more conservative image, do better when their

so they have a much longer investment ALINE SULLIVAN is a free-lance jourhorizon and a much greater confidence nalist based in Greenwich. Connecti-

After Cold Shower, Asians Take Shelter Under High-End Umbrellas

By Philip Segal

ONG KONG — The better part of two generations of wealth has gone up in smoke wealth to Western banks. in many Asian countries over the past six months, yet to hear the private bankers tell it, the competitioo was always the worst affected.

Industry analysts seem to agree that Asian investors are giving private banks management compared with a year ago because many rich clients had to dip into savings to prop up failing husinesses.

They'd set it aside for a rainy day, and it started pouring," said a trust lawyer in

analysts say. In addition, as Japan's increasingly shaky economy lurches toward recession, deflatioo, or maybe collapse, there has been a flight from Asian institutions and toward entrusting more

People are running to both the Citis and Chases and the Julius Baers," said Mark Kantor, an international finance partner in the Washington office of the law firm Milhank, Tweed, Hadley & McCloy, "but you won't see many of a vastly diminished pool of funds under them running to the Japanese institutions as they would 10 years ago." Flight money is coming mostly from local institutions, especially in countries with decimated financial sectors such as Indonesia and Thailand.

The bigger imponderable is: Where Asia's wealthy are also waking up to the need to diversify their boldiogs, the money tending to land?

Wong, said ber bank was in better shape than its competitors after several European banks lent too aggressively against

the real estate holdings of their clients. Citibank's head of private banking operations in Asia, Deepak Sharma, said he had increased the size of his bank's private banking husiness, despite the fall in total assets under management in the region.

Mr. Sharma, based in Singapore, said that the way clients were lonking at wealth management had changed. "Before they would have gooe much more local, with lots of single country, single currency investments," he said. "One of the things they've realized is that diversification is key."

The need for diversity and a truly global presence is the tune Citibank and

The managing director of HSBC the other giants have been trumpeting for that claims to be a one-stop shop in greater leeway to manage because Asian Private Banking in Hong Koog. Monica several years. So as the higgest and most wealth management; the suspicion that millionaires who know their own backbe much bigger as the new Citigroup after its merger with Travelers Group --or Chase Manhattan ever lose out to smaller European outfits?

A longer tradition of private banking and more personal service is one reason. Another, according to a Hoog Koogbased head-huoter with a financial industry practice, is less talked about: "If you're an Asian with a green card or an American passport, you woo't go to a U.S. organizatioo if you're lonking to put some of your wealth offshore," he said. "Asians don't always declare all assets or income.'

Yet for those who do, a Philadelphiabased trust law specialist said, there has been a definite movement into the United States, "Among clients who have come to live in the U.S. who had offshore funds, the tendency has been to move into U.S. trusts and to use U.S. advisers," said Stanley Joffe, who runs the international trusts and estates group at the Cozen and O'Connor law firm. another downside to a bank or brokerage

products that may oot be best-suited to a particular investor, hut may earn the banker a fatter commission than an outside mutual fund or customized option.

The big-is-not-always-best approach is emphasized by ooe of the newer private banks operating in the region, Banco Santander Suisse HK, a Swiss bank owned hy a Spanish one, Banco Santander. "As private bankers, we try to detach ourselves from the rest of the institution," said Manuel Alvarez de Toledo, the bank's chief representative in Hong Kong. Customers are not pushed into investment products and appreciate the choice, he said.

ECAUSE they are moving a greater share of their assets ont of the region, Asian investors are more in need of a trusting relationship with their bankers. Before the crisis, about 80 percent of money managed in Asia was "advisory, meaning bankers simply followed the PHILIP SECAL is a special correspon-Country of domicile aside, there is instructions their clients gave them. Today, bankers say they are given

global, why would Citibank - soon to the private banker is pushing in-bouse yards realize they are in the dark when it comes to huying stocks or bonds in Europe and the United States.

Ms. Wong at HSBC said that her clients' assets - businesses and properties - were now about half in Asia, balf out of the region. That still means those assets remain overly weighted in Asia, not including Japan, which in a model global portfolio is no more than 10 percent. Not everyone is convinced that Asian

investors have learned their lesson. "If in two or three years we were to see a stroog equity market in the region, they'll go back to the same problems as in the past," said Mr. Alvarez at Santander. More optimistic is Bank of America's

Mr. Moody. For him, the crash in Asia may not necessarily have brought a huge increase in husiness, hut will prove to be "a positive thing in the long term."
"It's going to breed better-educated investors," he said, "which helps to

create more perfect markets"

Tribune in Hong Kong.

Global Private Banking

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6 Republic National Bank of New York, 1998.

Europeans Ride Equities Wave

Continued from Page 19

time instead of rushing out the door," he continued, "European clients said: 'Asia is very small. It is a huying opportunity. The market is overreacting.

What distinguishes private banking clients from ordinary European savers who are beginning to shift to an equity culture? "Small investors in Europe are primarily using mutual funds because of fiscal treatment - tax advantages and they don't have enough money to diversify," Mr. Perez-Parada said. "At private banks like ours, we do individual

And equity advice for private clients often differs substantially from recommendations to large institutional clients. "When you are dealing with institu-tions," Mr. Perez-Parada said, "the bottom line is performance. When you deal with private banking clients, perception is very important. Private clients have to understand the rationale. Why we are in-

business. There is recognition there. They feel comfortable owning these names." But while clients are enjoying sub-stantial gains on their stock portfolios, it is the duty of the private bank to prevent clients from getting a bit too comfortable.

*Discipline is important," Mr. Bischofshen the client comes to the bank, we make a proposal for a tailor-made wealth creation program. We are going to have a strategy and to stick to a given strategy and show continuity.

They are oot used to down markets and it is a big responsibility. It is important to keep the clieots' feet on the ground." The benefit in the disciplined approach is that it prevents euphoria when stock markets rise and depression wheo they fall. The tactic may prove eveo

more effective during a bear market.

Eveo if you are negative on equities, and your investment profile says you should be 40 percent in equities, theo if vested in certain sectors. For instance, we are very positive about the banking sector on the way up," Mr. Waser said. "If you SHARON REIER is a free-lance jour-

would be saying when the market goes down, 'I want zero in stocks and when it goes up I want everything.

But if private banks are selling a disciplined approach to risk, and are increasingly segmeoting clients into different risk groups, bow can prospective clieots measure a private hank's actual stock-picking performance?

At Barclays Private Banking, Mr. Russell explained: "There are no industry comparisons for a number of reasons. The Swiss will bandy about privacy laws. If we talk about British onsbore clients there are tax coosiderations that will make the results on one portfolio different from another."

Nonetheless, many private banking customers search for some standard of performance. "Clients are comparing company performance across hanks, Mr. Perez-Parada said. But to do this they must use their own resources. "Perhaps they may have friends at other banks," he suggested. As usual, it pays to have rich friends.

in Europe and the European mobile phone didn't have this discipline, everyone nalist based in Europe.

Trusts Cast Off Old-Style Ways

Continued from Page 19

will, it will incur estate taxes. With the trust set up, bowever, these taxes are avoided, Mr. Chambers said.

While many of the large U.S. banks and trust companies have towered their minimum thresholds in recent years from \$2 million to \$500,000, setting up a trust fund is still expensive. Even the newer providers, such as the brokerage bouses Fidelity and Merrill Lynch, charge an annual fee of 1 perceot for administering a trust. Although Merrill Lynch accepts husiness from clients with trust assets of just \$100,000, there is

still a minimum fee of \$2,000 a year. As well as trustee charges, there is the cost of drawing up the trust document. Lawyers' fees for this service start at about \$2,000.

Settlors can act as their own trustees sition, but the do-it-yourself approach is hecoming less common, according to industry analysts, largely because of the introduction two years ago of the Prudent Investor Act, which still has to be enacted in some states.

relating to trust management. As a result of the act many financial advisers and lawyers are also withdrawing from the business and referring clients to traditional trust service providers."

OME settlors may have no option but to appoint a corporate trustee. Those with assets and property in several jurisdictions. or who live in a nontrust jurisdiction, such as France or the Middle East, may well be advised to consider an offshore trust and to seek advice on tax maners. trust company.

said that tax planning was still the mo-tivating force behind the establishment or appoint a family member to the po- of many offshore trusts, but that an increasing number of people were setting up trusts because they did not want to he the large international banks can make a subjected to forced heirship rules in the pig's ear of trust administration.

country in which they were resident. sbore corporate trustees has increased cializing in personal finance.

'Family members are increasingly dramatically in recent years. For exreductant to act as trustees, "said James ample, in Jersey there is a three-year Cornell, senior vice president of Fidelity backlog oo legal actions getting to court. Trust Services, 'as they are now beld to be personally liable for all decisions bave lost the cases that bave

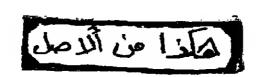
trust has been properly administered, Mr. Turberville said.

Paul Stihbard, a London-hased lawyer with the legal firm of Baker and Mc-Kenzie International, said that most professionals would happily sell clients a trust, but it is the settlor's responsibility to be clear about the objectives of the

"Settlors are generally concerned Keith Turberville, a spokesman for about security arrangements when they Guinness Flight Trustees in Guernsey. place money offshore, and so they opt for a household name to act as trustee in the belief that they will get a more pro-fessional service," he said.

'Unfortunately," he added, "even

Unfortunately, litigation against off- BARRARA WALL is a journalist spe-



PRIVATE BANKING / A SPECIAL REPORT

♦**Q & A** / Maria Elena Lagomasino

Knowing a Customer: Main Key to Success Performance, Not Preservation

Mario Elena Lagamasina is the senior managing director of Chase Manhattan Private Bonk in New York, to mean doing more of what we do well, the largest U.S.-based private bank and and that's what I'm going to do. Market the fourth-lorgest in the warld, with more than \$100 billion in assets under management far weoliliv individuals.

and that s what I in going to do. I have a from very high degrees of leverage. We have a 70 percent share of middle-market After o stint ot its cross-town rival. Cittbank, Ms. Lagomasino joined Chase in 1983 and was opposinted head of the private bank last year. She spoke with Conrad de Aenlle about a traditional. genteel business that has suddenly more complicated competitive

Q. More institutions are getting into your husiness - oot just banks, hut brokerages, fund managers and independent advisers.

How will you be able to satisfy customers, who can take their millions and go elsewhere, and also board members, who can ask you to go elsewhere if you don't consistently generate a 20 percent return on equity?

A. I don't think you can win doing the things you did 20 years ago, when banks were a place you went for capital preservation, not performance. Bottom line, yon satisfy your customers and retain their business by thoroughly understanding their whole financial picture, both personal and business, and by delivering fresh ideas and innovative structures that really add value.

There's going to be a huge consolidation in the private-banking industry. There's a lot of fragmentation. The higgest market share is UBS-SBC, hnt even their share is small. The four biggest banks bave only 7 percent of the market between them.

The key is not going to be what products you have - there are a lot of commercial banking facilities and players out there that have similar

The future is going to be understanding certain customer sets more than anybody else and customizing products for those customer sets, not trying to be all things to all people.

Q. By some accounts, you were brought in to shake things up because context, traditional asset management is Chase's private-hanking husiness was not growing as fast as management had hoped. What measures have you taken so far and what needs to be done?

companies in the tristate area (New

York, New Jersey, Connecticut). Most of those businesses are privately owoed and a good chunk are privately owned by one wealthy individual who is already happy with the bank, and we already know his balance sheet. Our ability to get leverage and grow our client base is tremendous. We use the same approach globally. We've had 30 percent growth per year in Latin America for two years. We're not knocking on doors, they are already our clients.

We also leverage around products; if we take all the capabilities of the bank and offer them to clients around specific problems they have, or opportunities, we can have a tremendous growth rate.

Q. You suggested earlier that investment performance had become a more critical aspect of private banking. Why, then, was your division recently decoupled from Chase's assetmanagement operation?

A. Asset management is a product. If you look at some companies, the role of the private bank is as a gatherer for asset management, It doesn't make sense to put a client business, buying products from the wbole company, with a product

Q. Because asset management is yon relying more on such exotic products and services as derivatives, private-equity investment to attract husiness and boost returns?

revenue growth in recent years from these types of products. Many of our clients are now seeking alternative ways to invest their money as part of their overall asset-allocation strategy. In this million clients, some with \$5 million only one option.

Q. One trend in private banking is clear, you're going to get different toward domestic arrangements, rather market leaders, and we won't look like A. I told senior management there was than offshore, a result of such factors as each other.



Maria Elena Lagomasino: Shaking up the private-banking business.

tax reform in many countries. That requires a strong international branch network, which Chase conspicuously lacks. What plans do you have to expand your global presence at street level?

Our approach is wholesale, not retail. The people I'm going after around the world are people who need a global people who need a checking account locally. That doesn't bring in business; in fact in some ways it keeps clients away. We only choose clients with States, where Travelers is heavily conwhom we think we have competitive centrated, but at Citibank branches advantages.

their international branch networks. You don't feel any pressure to follow their

A. I've looked at the plans of some of these groups and where their competitive advantages lie, and they're these quite different. I've looked at the numbers, and it's not apples and oranges, it's more like apples and hananas, a different shape and color. They're very, very different businesses.

O. Your business increasingly seems to be to cater to the wealthiest of the Q. Because asset management is wealthy. For instance, your minimum becoming such a competiove field, are account has risen from \$1 million to \$5 million over the last few years.

A. When we really looked at what it took to make those clients happy, we had the ability to do it. That's how to get the best bang for our buck. There's oo A. As a direct result of changing client question in my mind that playing to our oeeds, we have experienced significant strength was to concentrate on these very marked. "They could have offered far high-net-worth clients.

In tomorrow's market in private banking, you're going to have people who get to the Super Bowl with \$1 million clients. What our clients are don. huying is different; as strategies become

Is Bigger Better? Ask the Dinosaur

حكدًا من الاصل

By Conrad de Aenlle

ONDON - When Travelers Group and Citicorp announced plans to merge last month, traders on Wall Street tacked about \$30 billion onto the value of the two companies in a matter of minutes. The ravenous desire to own the banks' shares --- and those of several others that may or may not be merger candidates was driven by two Big Ideas in banking.

One is consolidation — the sloughing off duplicated staff, facilities and operations — which has resulted in sig-nificant cost savings in other financialservice mergers. It is very likely that the same will occur at Citigroup, as the new institution is to be called.

The second rationale for merging is "cross-selling." If a bank with a buge number of retail and commercial customers joins with one that has a cornucopia of products and services, the first bank has more to offer its account-holders and the second has a wider marnetwork. They're very different from ket for its goods. In this case, Citigroup people who need a checking account can sell Travelers' range of insurance and investment products to Citibank account-holders, and not just in the United around the world.

The financial-services supermarket, Q. Some large asset managers that as it is also known, seems a sensible cater to well-off clients are expanding coocept, except that it has not produced appreciable sales gains in the past. Bankers and analysts suspect it may not work this time around, either. That suspicion may explain the U-turn made hy the share prices of Citicorp, Travelers and other American banks in the days following the announcement of that merger and those of Bank America Corp. with NationsBank Corp. and Banc One Corp. with First Chicago NBD Corp.

made a few days later.
"I don't buy the logic of what these guys are telling us," Gary Hamel, professor of strategic management at Londoo Business School, said of the Citigroup merger. Success is the result of not bulk and breadth, but innovation," an asset seldom found in abundance in the banking industry.

"Ciobank's dilemma is that banks for far too long looked at individuals as savers rather than investors," he remore variety in investment products 20 years ago, but they didn't.'

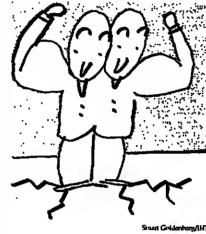
Lack of variety is the key failing of the supermarket concept, in the opinion of Ian Ortoo, editor of the newsletter clients and others who get there with \$50 Private Banker International, in Loo-

dozen others," he said. "The price is marked on each can and you can read the ingredients on the label. In a financial-

services supermarket, you can't do that." Not only are there ever more institudons - banks and others - offering services for the wealthy, but there is a tendency among those customers to be more peripatetic when it comes to their financial affairs.

'Increasingly, private banking clients are going to a number of sources for their financial needs," Mr. Orton said. "These characters are pretty well attuned; many of them think they know as much as their account managers." They are more likely than before to trade through discount stockbrokers, for instance, which offer no investment advice.

Mr. Harnel agreed, saying "the financial-service industry has been consistently a little behind the curve and has a condescending attitude toward the customer."



The average investor "is becoming much more financially savvy.

Banks are going to have trouble understanding this," he said, "and that ignorance can be exploited.'

Perhaps sensitive to criticism of the merger plan, Sanford Weill, chairman and chief executive of Travelers, said last month in a statement accompanying the announcement of record first-quarter earnings that much of the success was the result of cross-selling strategies.

Travelers and Citicorp representatives declined several opportunities to comment on the doubts raised by Mr. Hamel and Mr. Orton.

Nick Haynes, a senior banker in London for Dresdner Private Banking, a unit of a large German bank, said the ability to cross-sell and accomplish other goals of a merger depends on "whether the culture of an organization works or oot."

"When you go into a real supermarket looking for a can of baked beans, you can buy the supermarket's own-label brand, but you also have a choice of maybe half a said. "If you can build a global brand, finance and investment from London."

you can reasonably expect to cross-sell products within the stable

Travelers and Citibank may succeed because "Citibank has got a brand," he said. "You can talk to people in major cities in small countries and they'll know the name." Credit Suisse and UBS-SBC had been devoting considerable resources to achieving the same recognition, he added.

Analysis at Morgan Stanley, Dean Winer, Discover & Co. state in a research report that branding will be especially important as consumer banking becomes a global business and as conventional nks compete with nonbanks that distribute their services on-line. The American discount broker Charles Schwab, for instance, "intends to build a global franchise in a fraction of the time it took Ciocorp" by using the Internet, the re-port notes. "The on-line environment will put a premium on customer relationship-management skills and brand."

The analysts reject Mr. Hamel's disdain for size, arguing that "scale and scope are essential to compete in global. consumer services, since the business is . conducted in local markets with customers who want brand product choices. The battle for the customer starts with

knowing the customer. Mr. Harnel thinks that conventional banks may win a few more battles, but that with the advent of companies such as Schwab that sell a vast range of third-party products on-line, they stand little chance of winning the war for customers.

'The next phase will not be consumed focused but consumer led," he pre-dicted. "The hunter becomes the hunted," Rather than be passive receptacles for goods their retail banks want to peddle to them, consumers will seek our products and services that best fit their needs, no matter the source.

"The last thing I'll do is go to a Ciobank web site to see what they're doing." Mr. Hamel said. "I'll go to a neutral site. Why would I ever let a single financial institution make that choice for me?

He conceded that the on-line revolution had been almost exclusively an American phenomenon but that this was only "a timing issue. I would not be surprised if the majority of services were bought on-line within a decade in the U.S., within 20 years in Britain and 30. years in the rest of Europe."

That at least buys some time for Citicorp and Travelers. Their merger "probably provides some temporary value for both of them," he said. "I'm not saying it's a stupid thing to do. But it's like watching dinosaurs mate. You're going to get a baby, but it's still going to be a dinosaur."

Treading Gingerly in Asia

Continued from Page 19

to price-earnings ratios of five or six, Southeast Asian markets remained at averages of about 16 to 18. And while portfolio investments can often be plugged into formulas, judging the value of property poses a greater challenge.

Following the fall in share prices last year,

private bankers say, their clients, with fewer resources at their disposal, will be equally it's a small drop on a hot stone." hard-pressed to find bargains.

are investments that carry high risks. A building in Bangkok, for example, might sell for a small fraction of its precrisis cost but

foreign companies sent scouts to the region to look for deals. But few large acquisitions have been announced, in part, analysts say, because it is difficult to judge the value of a tangible investment given the market's volatility.

Many European and American investors are equally skeptical. "If you look at total liquidity flows into Asia recently, it's been investment given the market's volatility.

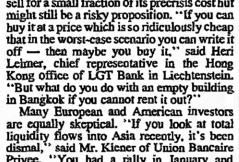
Privee. "You had a rally in January and Privee. "You had a rally in January and Privee." investment given the market's volatility.

And if companies are having a hard time.

Privee. "You had a rally in January and Fehruary but that has evaporated. If you compare it with what you saw in 1993 and 1994.

dent for the International Herald Tribune in

But what do you do with an empty building



Much of what is for sale in Asia these days THOMAS FULLER is o special correspon-

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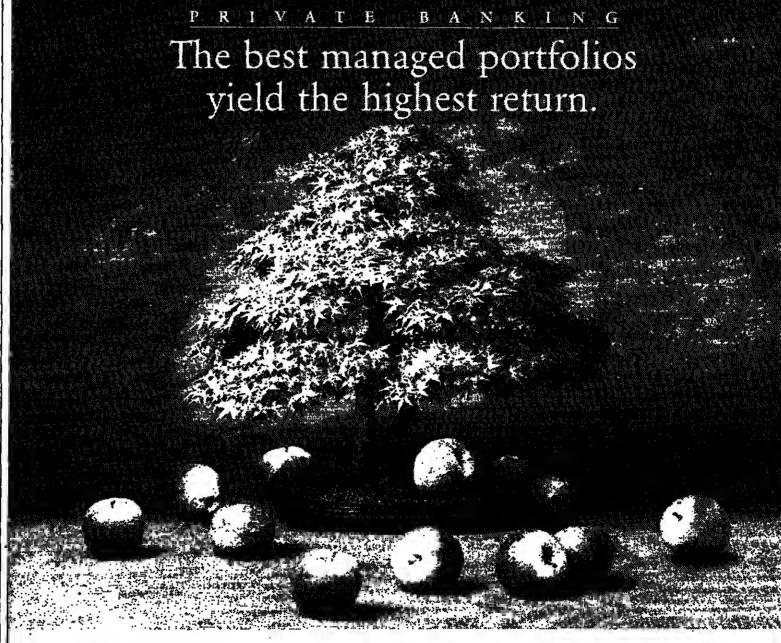
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Herald Eribune PORTS

Sacchi Joins Atletico

SOCCER Arrigo Secchi has signed a two-year contact to coach Atletico Madrid, the cluh said Monday. The former AC Milan and Italian national coach succeeds Radomir Antic. He is Atletico's 21st coach in the 11-year reign of its president, Jesus Gil. (Reuters)

• Wim Jansen said Monday he was quitting as coach of Glasgow Celtic just days after guiding the club to its first Scottish League title in a decade.

Rusedski Falls in Rome

TENNIS Greg Rusedski, the No. 5 seed, lost, 7-5, 7-6 (10-8), to Bohdan Ulihracb on Monday in the first round of the Italian Open.
Rusedski, a U.S. Open finalist

last year, served for the first set at 5-3. He led 8-7 in the second-set dehreaker, but lost the last three points of the match. It was his fourth straight first-round exit at this clay court event.

Petr Korda, the No. 2 seed, lost 6-2, 6-4, to Hicham Arazi, a Moroccan. Jonas Bjorkman, seeded No. 7. lost, 6-2, 6-3, to Frank Dewulf, a clay specialist.

Woods Holds Off Blake

GOLF Tiger Woods held off Jay Don Blake by a stroke to win the BellSouth Open in Duluth, Georgia, on Sunday, ending a 10-mooth winless drought on the PGA tour.

Woods, who led by three shots entering the final round after a 63 on Saturday, shot a par 72 for a 17under 271 total. Blake finished with

Tiriac Wins Olympic Vote

Ioo Tiriac, the former tennis player, was elected president of the Romanian Olympic Committee on Monday, Tiriac ran a slick campaign to beat a fencing champioo and a gymnastics coach for the joh. Tiriac became famous as the stern doubles partner to Ilie Nastase. He also played ice hockey for Ro-

Plane Unlucky

BASEBALL Gerardo Sanchez, the Mexican League's Cal Ripken, had his consecutive-games streak end at 1,415 on Friday when he couldo't get to the hallpark.

Sanchez and four teammates on Los Dos Laredos Owls reportedly chose to take an airplane Friday to travel to games in Laredo, Texas and Nuevo Laredo, across the border in Mexico. The rest of the team went hy hus. But the airport was closed due to problems caused hy smoke from forest fires.



See Wednesday's Intermarket

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Announcements

WORLD ROUNDUP Shaq's Show **Gives Lakers** 3-1 Margin **Over Sonics**

By Joe Drape New York Times Service

INGLEWOOD, California - Shaquille O'Neal powered the Los Angeles Lakers to a 112-100 victory over the Seattle SuperSonics and a 3-games-to-1 lead in the Western Conference semi-

O'Neal's 39 points on 15-of-20 shooting, eight rebouods, seven assists and five blocked shots on Sunday night may silence the critics who have argued that he is more a multimedia entertainer than a future Hall of Fame center.

He silenced at least one: Seattle's coach, George Karl, who opened the series with a public salvo directed at O'Neal's penchant for elbows and hopsteps on the way to monster dunks.

When asked why his star, Vin Baker, was held to only 12 points. Karl rubbed his face, paused for several moments and finally said, "He's playing prob-ably the greatest post player who ever

played the game,"
O'Neal hit his first six shots in spectacular fashioo. There was a spin fin-isbed by a baseline jumper. A ballet move under the basket that ended with a left-handed bank sbot. And, most memorably, a fast break that O'Neal began on his own at half court.

He put the ball oo the floor with his left hand, crossed over to his right, lifted the ball with ooe hand, double-pumped and kissed it off the glass. "Yes, that was a highlight," he said, appearing a hit embarrassed. "I was baving so much fun out there.'

The SuperSonics hardly stood and watched. Behind Gary Payton's 20 firsthalf points, Seattle withstood one Los Angeles run after another to take a 3-point lead with 15 secoods left in the half.



The Lakers' coach, Del Harris, turned to his assistant coaches and said, "Well, we messed up the end of this quarter."

But in a series of miscues indicative of Seattle's inability to clamp down on a scramhling young Lakers team, the Sooics made crucial errors that led to five Los Angeles points in the last six seconds.

Though O'Neal was clearly the star, his supporting cast chewed up the scenery too, Eddie Jones, whose mother had chastised him by cell phone for not being aggressive enough in the first round against Portland, gave her his finest playoff performance for Mother's Day. The guard scored 32 points along with six assists.

In the fourth quarter, the Sonics had cut the lead to nine points and were threatening wheo Nick Van Exel, who missed 13 games late in the season with a knee

injury, nailed back-to-back 3-pointers to put the Lakers back ahead by 15 and snuff any comeback bopes for Seattle.

'He's hitting the big shots that have killed us," Baker said of Van Exel, who finished with 13 points.
Still, it is O'Neal for whom Seattle

professes to have no answers. Even with Baker, Detief Schrempf and Payton sometimes triple-teaming him, O'Neal managed six dunks. Our evaluation will be, should we

continue to double him and still give him 35 points, or not — and give him maybe 100 points and control the perimeter," said Karl, who needs to decide before Game 5 on Tuesday in Seattle.

"They have a great one, and we can't deal with him right oow," said Paytoo, who finished with 31 points and 13 assists and kept Seattle in the game.

Bulls Refuse to Honor Hornets' Game Plan

Jordan Leads Chicago to 94-80 Victory

By Ric Bucher Washington Post Service

CHARLOTTE, North Carolina -It's oot enough to devise a plan to stop Michael Jordan, as the Charlotte Hornets did for game four of their playoff against the Chicago Bulls. It also takes the energy and will to implement it for a full 48 minutes, and that's where the

Homets came up woefully short. Despite rigging their entire defense and offense expressly to keep Jordan corralled Sunday, the Hornets lost for the second time in three days on their

NBA PLAYOFFS

home court as the Bulls headed home with a 94-80 victory and a three-gamesto-one lead in their best-of-seven Eastern Conference semifinal series. The Hornets assigned power forward Anthony Masoo assigned to Jordan.

Mason had some early success, hut the Hornets wasted it with turnovers and poor rehounding that prodoced easy baskets for the rest of the Buils.

Charlotte's other strategy, having the offense initiated by whichever guard didn't bave Jordan on him, backfired because the rest of the Homets handled the ball too sloppily, committing 15

"We thought we had a good game plan," said B.J. Armstrong, the Hornets guard. "We just didn't execute, which is the key.

Jordan, after struggling early, led all scorers with 31 points. The Hornets focused so much oo stopping him that they forgot about the rest of the Bulls. That was especially evident in Chicago's pivotal 14-2 run in the third quarter, when missed jumpers by Jordan were converted into easy baskets by Ron Harper and Scottie Pippeo because no one boxed them out.

After roaring to an 11-2 lead in the

opening minutes, the Hornets made one turnover after another, allowing Chicago to surge ahead by halftime, lead by 17 points in the third quarter and take a comfortable 13-point lead into the final

The Hornets did not get within single digits again.

They came out with a lot of energy. but you expect them to because their backs were against the wall," Jordan said. "We just had to maintain our poise. Our defense really started to kick it up a notch in the third quarter. We seemed to have them out of sync. They didn't take care of the basketball and we took advantage."

took advantage.

No one lost the battle of wills more noticeably than the Hornets leading scorer, Gleo Rice, who played all 48 minutes, scored only 13 points oo 17 shots and did oot go to the free throw line. Credit that to Pippen, who limited Rice to five second-balf points.
"The second half I just tried to make

him work hard for the ball," Pippen said. "I think it's my reach that bothers him. He can't pull up and shoot over me like he can against most guards."

Center Vlade Divac led the Homets

in scoring with 15, followed by Armstrong with 14 in a reserve role.

Charlotte was still within striking distance, trailing, 58-51, wheo the Bulls went on their third-quarter run, which included 12 points scored oo a variety of dunks, layups and tip-ins. In what could have been his last NBA appearance in his native state, Jordan provided one more classic highlight during the burst: He palmed the ball and faked a pass that duped the eotire Hornets defense before he slipped down the baseline for a lay-

said Jordan when asked about his re-action to the Hornets' concerted effort to slow him down. 'Sure, it's a chal-lenge, if all you guys think Masoo canshut me down. "We've got to win three games and

'I never salivate, I just evaluate,'

it's unlikely we're going to do that," Dave Cowens, the Hornets' coach, said afterward. "Nobody's going to quit," he said. But he added, "They certainly took the starch out of our sails winning two

games in our building."
In another playoff game, The As-

sociated Press reported:

Jazz 82, Sport 73 In Sao Antonio,
Karl Malone hit 17 shots from the field, scoring 34 points without going to the foul line as Utah took a 3-1 lead over the

Spurs. Many of his field goals were wille being guarded by 7-foot David Rohinson. "Boy, it's hard to defend jump shots like he shot. He's pulling up, 19 or 20 feet," Rohinson said. "A lot of times

I'm right oo him, and he gets a half a step and leans back and shoots that thing. Malone, who shot 6-for-21 Samrday in Utah's Game 3 loss, scored 10 of his points in the fourth quarter, answering with a basket almost every time the Spurs inched closer. He was 17-for-28

from the field. Tim Duncan had a chance to move the Spurs within three points after a foul by Antoine Carr, but he missed one of two free throws with 1:07 remaining,

leaving the Spurs trailing, 77-73. Malone followed up with a 14-foot jumper to give the Jazz a 79-73 lead.

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Vasco da Gama Wins, 2-0, After Botafogo Forfeits Sao Paulo won the Sao Paulo state

Vasco da Gama, which leads the Rio de Janeiro state championship, woo Sunday without playing when Borafogo failed to turn up for a game at Maracana

Vasco and the match officials waited hut Botafogo, which had announced it

SOCCER ROUNDUP

would not play the game, did not arrive. The Rio federation then awarded Vasco, which leads the eight-team tournament, a 2-0 victory.

Botafogo asserted that the schedule had been changed without its consent and that it should have been playing Friburgense. Flamengo and Fluminense, the two other major clubs in the eight-team tournament, said they would take Botafogo's side. Eurico Miranda. the Vasco da Gama director, said the three cluhs wanted to kill the competition to stop his cluh from winning it.

championship after the newly signed Rai, playing his only match in the competition, inspired them to a 3-1 victory over Corinthians in the second leg of the final. Rai returned to the club this week from Paris-St. Germain and was able to play after San Paulo directors discovered during the week that the tournament did not have a transfer dead-

MEXICO Toluca conceded two goals in the first 90 seconds Sunday hut fought back to beat Nexaca in the final of the Mexican summer championship. Nexaca won the first leg, 2-1, on Thursday and increased its lead to three goals with its two early strikes.

Antonio Taboada started fighting back with a goal in the third minute. Jose Ahundis scored either side of half time and Jose Cardozo scored twice in the last 12 minutes to give Toluca victory. 5-2 in the match and 6-4 on aggregate.

BULGARIA Litex Lovech clinched its



Jose Cardoso of Toluca celebrating his second goal against Necaxa.

first league title when it beat Botev Plovdiv, 3-0, in the last game.

Levski Sofia, which finished second. five points behind Litex, said it would appeal to FIFA, the governing body of world soccer, because Litex fielded a suspended player earlier in the season. Litex had four points deducted by the

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Bulgarian federatioo for playing defender Radostin Kishishev after he had been suspended by FIFA for leaving Bursaspor of Turkey without the permission of the club. Levski wants Litex to be punished for the games in which Kishishev appeared before his suspension on April 10.

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Buffalo's Dominik Hasek sprawling after allowing a goal by Igor Ulanov.

Red Wings Clip the Blues, 6-1

DETROIT — Chris Osgood was on top of his game and his teammates provided more than enough offense as the Red Wings breezed to a 6-1 victory over St. Louis.

Detroit outsbot the Blues, 34-25, on Sunday, but most of the Blues' chances came on quality shots. That meant Osgood, a goal-tender who sat on the bench as Mike Vernoo led Detroit to the Stanley Cup championship last year, bad to be at his best.

Red Wings fans, who sometimes boo Osgood, were chanting his name this time.

The Red Wings handed the Blues their first loss in the playoffs this season and evened the best-of-seven Western Conference semifinal at one game apiece. Martin Lapointe, Nicklas Lidstrom, Tomas

Holmstrom, Yzerman, Larry Murphy and Kirk Maltby scored for the Red Wings. Terry Yake scored for the Blues, who had 16 goals in a first-round sweep of the Los Angeles Kings and beat Detroit 4-2 in the opener.

St. Louis played most of the third period without its captain, Chris Pronger, who collapsed after being struck hard in the chest by a

shot from Detroit's Dmitri Mironov, Pronger, whose beambeat slowed for a few seconds, was carried on a stretcher to an ambulance. Dr. William Birenbaum, the Blues' in-

ternist, said Pronger was taken to Henry Ford Hospital for observacion and would be held overnight only as a precaution. Birenbaum said Pronger could be ready to

play in Game 3 in St. Louis on Wednesday. The Blues played the Red Wings tough in a 1-1 first period. But the Red Wings, bidding to become the first team since 1992 to repeat as Stanley Cup champions, broke the game

open with three goals in the second. Sabres 6, Canadiene 3 At Buffalo, Matthew in the rotation seemed in jeop-Barnaby scored three goals, the first bat trick and recently with the success of his career, as the Sabres beat Montreal. Barnaby, who also had an assist, snapped a

3-3 oe late in the second period and broke the game open 13 seconds into the third. The Sabres won their fifth straight playoff game going back to Game 3 against Phil-

adelphia in the first round. 'Growing up, I would have been happy to just get one shift in the Stanley Cup play-offs, Barnaby said.

Yanks and Red Sox on a Collision Course

New York Shuts Out Twins as Boston Downs Royals; Showdown at Fenway Looms

The Associated Press

At this rate, the New York Yankees will win 125 games and the Boston Red Sox will win 111. Then again, those projeccions might be a little

baseman Chuck Knoblauch from the Twins to the Yan-The two teams with the kees, gave up four runs and best records in the AL both nine hits in five innings. Knoblauch went 2-for-4, drove in won again Sunday, relying on

AL ROUNDUP

strong pitching for road victories.

In Minneapolis, Ramiro Mendoza led the Yankees past Minnesota, 7-0.
"He was into it mentally,

especially the last three in-nings," said the Yankees manager, Joe Torre, after Mendoza - the team's No. 5 starter - pitched a five-hitter

for his first career shutout. The Yankees won for the 23d time in 26 games and finished a 7-1 road trip. They have not lost two in a row since the first week of the season and lead the majors

with a 24-7 record. The Yankees and the Red Sox will get their first look at each other soon enough. They are scheduled to meet seven times in 10 days, starting May

22 at Fenway Park. Mendoza (2-1), whose spot in the rotadoo seemed in jeop-Orlando Hernandez was having in the minors, walked none and struck out two. "It feels great," he said, "Hope-

Mendoza's fielders helped him with four double plays and New York batters backed him with 16 hits, including solo homers by Tino Mar-tinez and Scott Brosius. time in 26 games and im-Eric Milton, Minnesota's proved to 24-11. key acquisition in the off-sea-

حكذا من الاحل

Rangers 5, Indians 3 In Arson trade that sent second retired the first 20 batters he faced, losing his bid for a perfect game with two onts in the seventh inning when Cleveland's Manny Ramirez grounded a double down the third-base line. Red Sox 3, Royals 1 In Kan-

sas City, Tim Wakefield held Mariners 3, Blue Jays 1 Ken

Seattle past Toronto.

Blake Stein made an impreslington, Texas, John Burkett sive major league debut for Oakland, pitching seven strong innings against visitthree errors in the seventh, homer. leading to three unearned

Devil Rays 4, Orioles 3 the Royals hitless for 6% in- Griffey hit his major league- Tampa Bay got home runs nings and Jason Varitek hit leading 15th home run and from Quinton McCracken, his first major league homer Jeff Fassero, with relief from Wade Boggs and Kevin

TURS.

as Boston won for the 20th Mike Timlin, pitched host Stocker to beat Baltimore and end an eight-game home Insing streak.

The Orioles' third baseman, Cal Ripken, committed his first error of the season when be bounced a throw to ing Chicago. But A's first in the first inning. The shortstop Kurt Abbott made mistake set up Boggs's

> Angels 4, Tigers 2 Ken Hil (6-1) got his sixth victory, to match Rick Helling of the Rangers and Oakland's Kenny Rogers for the league

Hershiser Gets First Victory as a Giant

The Associated Press

a run and scored one.

Until he finally got a victory for San Francisco, Orel Hershiser feli like he was trying m join a fraternity.

"I'm done pledging," he said after the Giants' 3-0 triumph in Chicago on Sunday. "It was time to let me become a Giant."

Hershiser (1-3), signed by San Francisco as a free agent during the offseason, won for the first time in eight starts this year, allowing two hits and

striking out six in eight innings.

Hershiser, who played for Cleveland for the past three seasons, got his first National League victory since Aug. 7. 1994, when he was pitching for the Los Angeles Dodgers.

"It's nice to get the win but it's also nice when you do your job," Hershiser said. "I thought I bad been throwing the ball well all year."

Jeff Kent hit a two-run double in the Giants' three-run ninth.

fully. I'm going to keep doing Braves 8, Padres 5 In Atlanta, Javy Lopez, Andres Galarraga, Andruw Jones and Ryan Klesko all homered as the Braves fied a franchise record by hitting at least one homer for the 22d

(Saton, Woolley) (pp). 4. M-Malakhav 2 (Recchi) (pp). 5. M-Recchi 4 (Corson, Kairu)

A B-Ward 2 (Varada, Boughner) 7, 8-Bamaby 2 (Brawn, Grosek) Third Pariet: 8-Bamaby 3 (Grosek, Wilson), 9, 8-Bamaby 4 (Brown) (en), Shelts on goat: M-9-11-6-26, B-11-9-5-25, Godins: M-Moog, Thibauli, B-

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and 3: Comada 3: Sekurus A

cord is 24 by the 1953 Brooklyn Dodgers, and the major league mark is 25 by the 1941 New York Yankees and

the 1994 Detroit Tigers.

The Braves fought back from a 3-0 deficit. Lopez put Atlanta ahead, 6-5, in

the sixth with his homer. Rockies 5, Expos 3 Dante Bichette

broke a 2-2 tie in the eighth with his first

NL RODNDUP

homer in 149 at-bats and Todd Helton bomered twice as Colorado won in

Phillies 7, Diamondbacks 4 Scott Rolen bomered twice, going 3-for-3 with three runs batted in. Philadelphia won its fourth straight while Arizona lost its fifth straight, dropping to 4-20 on the road.

The first seven Philadelphia batters reached base against Jeff Suppan (0-4), and the first five scored. Suppan was tagged for six runs and seven hits in 11/2 innings as his earned-run average rose

Reds 4, Pirates 3 Pittsburgh's Al Mar-

tin couldn't score from third on a single in the ninth and visiting Cincinnati won the game oo Reggie Sanders's run-scor-

ing single in the 12th.

Pittsburgb seemingly won it on Kevin
Young's single off Jeff Shaw but Martin was thrown out at the plate by Cin-

cinnati's right fielder, Jon Nunnally.

Astros 7, Brewers 1 Jose Lima (6-1) scattered eight hits in seven innings at County Stadium and sparked a five-run rally with his first major league hit.
After Lima got an infield single in the

fifth, Craig Biggio was bit by a pitch and Derek Bell doubled for a 4-0 lead. Sean Berry's run-scoring double

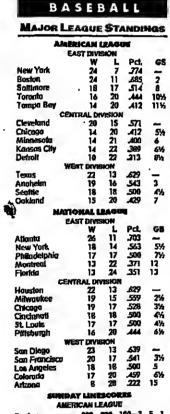
chased pitcher Steve Woodard, who gave up all seven runs and nine hits in 4½ innings.

In a game reported in late editions Monday:

Dodgers 4. Marling 2 Raul Mondesi homered and saved three runs with his glove as Los Angeles won in Miami, Mondesi robbed the Marlins in the

second when be dashed to the warning track in right field and made a running, backhanded grab of a bases-loaded fly by Florida's pitcher, Brian Meadows.

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Rasada, Pitisley (7), Whisenant (9) and Fasana, W.—Walkefield, 4-1, L.—Rasada, 0-2, Sw-Gardan (14). HR.—Basina, Varifek (1). Baithmore 909 002 000-3 7 1 Yampa Bay 903 000 912-4 7 0 Key, Mills (7), Oncoo (8), A. Benitez (8) and Halties; Alvarez, Yan (7), R. Hernandez (9) and Flaherty, W.—Yan 3-0, L.—Altills, 0-1, SV—R. Hernandez (3), HRS—Battinder, Surthoff (4), Carter (3), Tompa Bay, McCracken (1), Boggs (2), Stacker (4), Mew York 710 101 200-7 14 1 Allanesoria 900 000 000-4 5 2 R. Mendoza and Posadka Milton, Narufty (6), Guardodo (6), Carrisco (7), Aguilera (9) and Steinboch, W.—R. Mendoza, 3-1, L.—Altilota, 2-4. HRS—New York, T. Martinez (6), Srasius (1).
Chicago 100 000 300-4 3 1

L.Brown: Fossero, Timilin (II), Ayala (9) and D. Wilson. W.—Fossero J-1. L.—Guzman 1-5. Sv.—Ayala (7), HRs.—Teronia, C. Delgado (3), Seaffie, A. Rodriguez (12), Griffey Jr

(15). Cicwiand 600 000 003—3 6 1 Tentas 200 612 603—3 6 1 0 Jr.Wright, Villone (6), Phunk (6), Assenmacher (7) and S. Alomar: Burkett. Wetteland (9) and I. Rodriguez, W.—Burkett 3-4, L.—Jr.Wright 1-3, Sw.—Wetteland (9). Defroit 600 001 109—2 10 0 Austream 600 621 602—4 7 0 Warrell, Sager (5), Duran (6), Florie (6) and Bakas K.Hifl. Holtz (7), Perchad (9) and Nevin. W.—K. Hill 6-1, L.—Worrell 3-4, Sw.—Perchad

San Diego 180 211 088—5 12 1
Attanta 698 581 283—8 9 0
P.Smith, C. Reyes (5), Wall (6), Boetwinger
(8) and C. Hermandez Neogle, Cather (6),
Rocker (7), Lightnier (9) and J. Lopez,
W—Cather, 2-1. L—Wall, 0-1.
SV—Lightnierg (5), HRS—Attanta,
Galagra (13), Kleska (5), J. Lopes (16), A.
Jones (6).

Jones (4).
Les Angeles 601 380 066—4 9 8
Florida 600 002, 006—2 5 8
L'Voldes, Rurdinsky (9) and Plazza;
Meurious, Datenstbourg (6), Dipto (8).
Alfonsecq (3), F. Heredia (9), Startifer (9) and
Culchnson, W.-I. Valdes, 3-4. L.—Meadows,
3-4. Sv—Radinsky (7). HRs—Los Angeles,
Mondest (5), Florida, Sheffleid (6), D. Lee
(7).

105 150 000-7 12 0-000 010 006-1 11 0 Lime, Scanian (8) and Ausmus Woodard. Woodall (5), D. Janes (9) and Matheny. W—Lime, 6-1, L—Woodard, 2-1. Colorade 010 100 030-5 6 1 Kile, Otpota (9) and J. Reed; M.Baltsto, Kilne (8). Telford (8), Bernath (9) and Widger. W—Kile, S-3. L—Kilms, 1-2. SV—Dipota (7). HRs—Colorado, Bichatte (2), Hatton 2 (4). Manfred, R. White (3), Andrews (8).

020 100 000-4 7 1 510 000 10x-7 8 1 Suppor, Manuel (2), Dool (3), R. Springer (6), F. Rodriguez (8) and Fabregas All.Grace, Winston (4), Gomes (6), Y. Perez (7), M.Leiter (9) and Liebertinol-Weston, 1-0, L.—Support, 0-4, 5 v.—M. Leiter (5), HRs.—Artona, O. White (4), Philadelphia, Rolon 2 (6).

010 000 200 001-4 7 6 020 000 801 009-3 4 1 (11) and Toubensee; F.Cordova, Rincon (7), Loiselle (111 and Kendoll, W.—Belinda, 3-S. L.—Loiselle, 1-3. HRs.—Cinchnoti, D. Young (4), Pittsburgh, K. Young (7). BASKETBALL NBA PLAYOFFS

SUNDAY RESULTS

Indiana Iroths Sarkes 3-1.

Seattle 22 27 25 20—180

L.A. Lakeys 30 27 33 22—112

St. Payton 12-18-3-7 31, Schrampf 10-16-7-7

St. Lakeys Orked 15-209-12-39, Jones 13-21

5-7 32. Rebounds—Seattle 45 (Poyton 8).

Laters 47 (Orked 3), Assists—Seattle 21

(Poyton 1-3), Lakeys 30 (Orkeat, Van Eael 7).

Lakeys feed saries 2-1.

18 24 28 22-94 20 20 17 21-80

Utris 25 18 21 19—82 Sos Antonio 22 17 13 21—73 U: Malone 17-28 0-0 34 Paster 6-9 0-0 13: S.A.: Duncon 8-10 6-9 ZZ. Robinson 5-12 5-8 15. Rebounds—Utoh 43 (Akolone 12), Son Antonio 44 (Robinson 111, Assists—Utoh 21

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ANDRY RESULTS
Indicate 29 25 26 22 16—118
New York 27 28 22 25 6—107
- 1: Allier 10-26 13-14 38, 5 mits 11-18 12 22:
N.Y. Houston 6-16 5-6 19, Starks, 7-11 2-2 19,
Reshounds—Indicate 48 (A.Dove, 9), New
York 46 (Oorley 10), Assists—Indicate 23
(Jackson 15), New York 27 (Childs 6),
Indicase breth sarles 3-1. St. Luris

Detroit

First Period: S.L.-Ypise 2 (Pronger, Demino) (pp). 2 D-Lopainte 2 (Larionov, Kazior) (pp). Secand Period: O-Lidstrom 3 (Kazior, Holmstrom) 4. D-Holmstrom 3 (Fedorov, Minurary) 5. D-, Yzerman 2 (Lopainte, Gilchist) Third Period: D-Murphy 1 (Molity, Osgood) (sh-en). 7. D-Malthy 3 (Erikssen) Shots at good: S.L.- 8-9-8-25, D-9-9-16-34. Centles: S.L.-Fuhr, D-Osgood. Series fied 1-1.

C: Divoc 5-11 5-7 15, Armstrong 6-9 1-2 14.
Rabsunds-Chicago 48 (Radman 16),
Charlotte 42 (Rice 9), Assists-Chicago 29
(Pippen 8), Charlotte 19 (Mason 5).

NHL PLAYOFFS

Germony vs. Holy
STAND Block: Buly 3 points; Letvio 3: Germony 1; United States 1.

GROUP O

FOOTBALL

NFL Europe

icetrs(s), par-72 TPC at Georgia: Tiger Woods, U.S. Joy Don Bluke, U.S. Estebon Toledo, Mez. Sheve Flesch, U.S. Bid Glosson, U.S. Bid Glosson, U.S. John Huston, U.S. Stesson Cark, U.S. Trevor Doddis, Mombia Clark Dennis, U.S.

GOLF

SOCCER

Hojduk I, Drugovoljac 0 Zadarkoment I, Zagreb 2 FINAL STANDINGES: Croatla 49 points Hojduk 36: Osijek 32: Drugovoljac 32: Zagreb

MEXICAN YERANO CHAMPIO FORAL RETURN LEG Fishal, argamentate Czech Republic S points Switzerland & Russia J. Slovakia D. 2-gene semifinate with Czech Republic vs. Finland and Switzerland vs. Sweden start on May 12. Toluco win 6-4 on aggregate.

Toluco win 6-4 on uggregate.

CYPEUS PURST DEVISION

Anorthosis F. 6. Evaginarus Paphas 8
Ethnikas Achna 0. Omonia Nicosia 0
AEK Lumaca 1. Apollon Limassol 1
AEL Limassol 1, Alfa Lumaca 4
APOP Paphas 1. Neu Salamina F. 2
Enois Paratimni 2. Anagennisis Cherinia 3
APOEL Nicosia 1. Ethnikas Assha 3
FINAL STANDOMERIE Anorthosis Fornagusta 66 points; Omonia Nicosia 62: Apollon
Limassol 55: Ethnikas Achna 47; AEK Larraca 34: Enois Paratimni 33; APOEL Nico-

Limassoi 39: Elivinae mulina et 1920 e

phos 29: Anogennisis Dherinia 27: APOP Po-phos 26: Ethnikos Assha 12.

AMBORRAN FIRST DEVISION
FINAL STANDONOUS Club Esportlu Prinipal 56 points: Sonda Coloma 55: Encomp
liconad 38: Constructions Moderne 35: BELLSOUTH CLASSIC Magatzens Lima 22; SI Julia 1770 12: Assegurances Nation eic on 7,259-yerd (8,635 Sporting Engandany 25: Jaieries Aurum 24: Cava Senito 23: Magatzems Lima 22: 51 Julio meters), per-72 TPC at Sugarlouf in Dulut.

20: FC Andorra 12: Assegurances Daval 4.

SPANISH PREST BRYISHON

Deportivo Coruna 2. Compostelo 6
Real Sociedad 1, 7 enertie 1
Salamanco 1, Mallorca 1
Repl Betis 0, Racting Santunder 2
Real Zaragaza 0, Valladolid 0
Merido 0, Altitetic Silbao 0

Oviedo 3, Celta Vigo 1
Altitetic Modrid 5, Barcelono 2

strastibilitatis: Borcelono 74 Doints: Athetic Bilbon 62: Real Sociedad, Real Madrid, Mallorca 68: Real Sociedad, Real Madrid, Mallorca 68: Real Betts 59: Alfetico Madrid, Celta Vigo 57: Valencio 55: Espanyol 52: Valladolid 49: Real Zaragaza 48: Deportivo Coruna 46: Racing Santinader 45: Sulamanco, Tererife 42: Compostela 49: Oviedo 40: Marida 39: Sporting Gijon 12.

MAJOR LIAGOUS SCOCER

MAJOR LRAGUE SOCIER
New England 4, Tampa Bay 2
STANDINGUE Eastern Conference: D.C.
18 points: Columbus 15; Aliami 11; New England 10; NY-AU 9; Tampa Bay 3; Western Conference: Los Angeles 22 points; Dalias 11; San Jose 9; Chicago & Kansas City & Calomata 5. MAJOR LEAGUE SOCCER

AFRICAN CHAMPIONS' CUP Eloilo, Tunisia, I, Utalii, Kenya, B Aggregate 1-1: Eloile Sportive du Sahel

won 4-3 on penalties.
Eogie, Nigeria, 2, Petre Attelica, Angola, 0
Eogle Cement won 3-0 on aggregate.
PC 105, Gabon, 2, ASEC, Ivory Coast, 2
ASEC Ablidian won 4-2 on aggregate.
Raja, Morocco, 2, AS Douanes, Senegol, 0
Rajo Casablianca won 3-2 on aggregate
Hearts, Ghana, 1, Cotonsport, Chad, 0
Aggregate 2-2. Hearts of Oak won an away
goals rule.

TENNIS AMERICA'S BED CLAY

CRAMPIONSHIP UNDAY IN CORAL SPRINGS, FLORIDA ndrew life, Australia, def. Davide Sar netti, (8), Italy, 7-5, 6-4, ITALIAN OPEN

Thomas Muster, Austria, def. Marcelo Filippini, Urug, 6-1, 6-0; Todd Mortin, U.S. def. Alberto Portos, Sp. 5-7, 7-6, 7-2, 6-4, Tim Henman, Britz, def. Fabrice Sontoro, Fr. 6-1, d: Mognus Norman, Swe, def. Sergi truguera, Sp.n., 6-3: 1-0. refired. Michael Chang (15), U.S. def. Andrei Med-W Ukr. 6-2 4-6 6-3: Carlos A

Federal VII. 5-2. 4-6, 6-5; Lettors Moyar (14), Sp. 66f, Golo Blanca. Sp. 6-4, 2-6, 6-2; Nic-olas Escude, Fr., def, Richard Fromberg. Aus. 3-6, 7-5, 6-3; Gustave Kuerten (6), Sr., def, Corles Cosis, Sp., 1-6, 6-4, 6-7. Nicolas Lopenffi, Ecu., def. Glanluco Pozzl-lt, 7-6 (7-1), 6-4; Hicham Auzzl, Mar, def. Petr Kordo (72). Czech B. 6-2, 6-4; Worne; Petr Korda (2), Czech R. 6-2 6-4; Way

Ferreira, S. Afr., def. Lucas Amold. Arg., 6-1, TRANSITIONS

BASEBALL AMERICAN LEAGUE

BALTIMORS—Activated DF Brady Anderson from 15-day disabled list. Put LHP Daug

NATIONAL LEAGUE MONTREAL-Traded C Roul Chavez to Seattle for OF Robert Perez.

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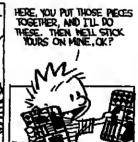


CALVIN AND HOBBES

WIZARD of ID





















ART BUCHWALD

Sweet Road Rage

There's a lot of talk about road rage — oot as inuch as there is about sex — hut still, for the first time, Mad Dog was discussing Viapeople are concerned about gra, the new potency drug. aggressive drivers who cause accidents oo the highways

of our great natioo. We all have seen aggressive driving, either by members of gressive drivour own familes or automobiles in the next

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lane. It isn't a pretty sight and Buchwald can cause high blood pressure and excessive perspiration to

the palms of our hands. What is not discussed publicly is what the major cause of road rage is: radio talk shows that people listen to in

Talk show hosts are paid to inflame and irritate their listeners. They thrive on controversy. They have to get their audience involved. I was made aware of this

Nazi Book Burning Is Marked in Berlin

The Associated Press BERLIN -- The author Salman Rushdie emerged from seclusion as an honored guest to help commemorate the day the Nazis burned thousands of books in their assault on intellectual freedom.

The Berlin Arts Academy took note of the Nazi hook hurning of May 10, 1933, and airways with imbeciles like honored persecuted authors throughout the world.

Rushdie, condemned to death by Tehran in 1988, was joined by authors from Aljoined by authors from Algeria, Iran and Kurdistan.

This is a boon to mankind. No woman can refuse a

man who is taking it."
"Laura," I said, "you just
went through a red light." "Did you hear what he

said? What makes him think we should give io just because he is no longer sexually dys-functional?"

Mad Dog said, "I'm sick and tired of sexual harassment suits. Most women are always asking for it." "Laura, you're driving on the sidewalk."

Mad Dog said, "If they didn't wear bikinis on the heach, men wouldn't need Viagra pills or, for that matter, pills that prevent them from going bald." Laura's face was red, and

she gritted her teeth in anger. 'Are you sure you want to hit that old lady in the crosswalk?" I asked her. 'I'd like to take Mad

Dog's microphone and shove it down his throat."

Mad Dog took a call. The lady said, "You're a hig slob and I hope you get poison ivy all over your body."

Mad Dog chortled and replied, "And you're a dumh female who should be working instead of sitting home manicuring your nails," "Laura, I think you're go-

to hit that gasoline "Why do they clutter the that?

'The real question is why do you listen to him if he gets

on the way to the office."

Lillian Ross's Secret Life With William Shawn

By Janny Scott

40 years as the other "wife" of William Shawn, the longtime editor her at home after dinner, then return of The New Yorker, she tells how she learned uf his death in December 1992. She dialed the number of the private telephooe he had installed for her beside his bed in the apartment he shared with his wife.

Shawn's wife, Cecille, answered the telephone for the only time in what Ross describes as her loog life together with Shawn, a life that included their setting up house I0 blocks south of the Shawns' apartment on the Upper East Side of Manhattan and jointly raising Ross's adopted son, Erik.

"He's gone," Mrs. Shawn told Ross. Ross writes that she and Erik then rushed to the Shawns' apartment, where they were met hy the Shawns' son Wallace, who seemed afraid to admit them. "Let them Mrs. Shawn said. Ross embraced her. And Mrs. Shawn said,

"He died in my arms."
Ross's memoir, "Here but Not Here: A Love Story (Random House), due in stores this month and awaited with considerable curiosity, describes in significant if private life that had remained dis-

creetly guarded. In an interview this week, Ross said she never had any qualms about writing the book, which took her four years. She said she had done it simply "hecause it's my life." and because Shawn "was fed up with having been pictured as a

As Ross tells it in the book, she and Shawn fell in love after he had hired her in 1945 as a writer for The New Yorker. He was about 20 years her senior. By the mid-50s, they had settled into a domestic routine that she contends was more solid, more purposeful, more satisfying and more socially responsible than most

'conventional arrangements.'

spend Thanksgiving with his family and Christmas Eve with Ross. Every New Year's Eve, if they were apart, NEW YORK — At the end of be would call her at midnight, Ross writes. During one period, they are every meal together, he would drop in time for the 11 o'clock news. In the '60s, they considered con-ceiving a child, Ross says. But she had a hysterectomy and ended up traveling to Norway to adopt Erik alone. Shawn used to read to Erik.

> catch a baseball, even attend his parent-teacher conferences. The relationship was not kept secret from Mrs. Shawn, Ross says. But Mrs. Shawn declined to leave her husband, and he would not divorce her. The Shawns' children were expected not to discuss the relationship with either parent "in accord with Cecille's wishes," Ross writes. They were told that their father's absences were necessitated by his work. "Bill told me I was his 'wife,' "Ross writes.

play the piano for him, teach him to

''l felt I was.'' Asked in the interview whether she had thought about the book's impact upon Mrs. Shawn, now in her 90s, Ross spoke slowly, as though taking pains to make herself understood: "That isn't the way one thinks when one is a writer. You selective detail a part of Shawn's don't think about what the impact is going to be on other people. You think about what you're writing.

So, she was asked, she was say-

ing she never thought about it? "It wasn't a question," she said. "It didn't come up."

Neither of Shawn's sons, Wallace and Allen, returned telephone calls from a reporter asking if they wished to comment on the book.

In the book, Ross describes Shawn, who was editor of The New Yorker from 1951 to 1987, in terms that are positively saintly: He is selfless, honest, forgiving, meek in the hiblical sense. He tips taxi drivers twice the fare, turns down honorary degrees, never re-proaches his children.



Ross has written about the relationship "because it's my life."

to, from Hannah Arendt to Evonne . In her and Erik, she writes. Goolagong and Madonna. At the same time, he comes off as a man had the same passion, the same en-

idealized terms. In 40 years to-gether, she writes, they had just two arettes." she writes. "I immedi-

arguments.

shy fittle man obsessed with pri- absences, no holes, no misshapen-" who are nothing but corn ness, no unanswered needs." No flakes. She offers lists of foods he husband or father she has ever liked and women he was attracted known gave more than Shawn gave "After 40 years, our lovernaking

who was deeply tormented. He feared everything from his own early weeks together), the same ten-

Their "liaison," as she called it their apartments and taught her in the interview, is described in taste and judgment about clothes.

Ross insists she felt no mge to- afraid of 'drinking.' I gave up marward him or Mrs. Shawn; she has tinis." Early on, she says, she fled conventional arrangements."

But she also tries to debunk what never had a single regret. She felt the relationship in confusion, first feel, And you're guided by your of many years, Shawn would she says is the myth of Shawn as "a "no deprivation, no frustration, no to Hollywood for a year and a half, instincts, your own principles."

later to Paris. Each time, he personed her relentlessly with letters, cables and telephone calls, serving up advice, begging her to come home.

In 1953, while she was in Paris, he

suggested she look up his old imms from a trip he had taken there in 1929 with Cecille. So Ross durifully marched around the Left Bank finding and taking photographs of every place he asked me to visit." Then she sent him the photographs.
Other episodes seem to slip by

relatively unexplored. For example Ross mentions in passing in the book that relatives and others tried to intervene with her and Shawa but she offers no details. She alludes to "a string of psychoanalysts" that was "enlisted in pursuit of Bill," but does not say who enlisted them or to what effect

She writes that early in the relationship she would occasionally "explode" and "ask him to leave me alooe." But she offers little elaboration. Yet the book includes all sorts of other details, like the price of a ticket on the Concorde and everything she ste one day at lunch at '21."

Asked in the interview why she had chosen not to elaborate on, for example, the story about the psychoanalysts, she said sharply.
"There weren't any details to give. What are you going to tell?" Asked how she decided in general what to leave out, she said, "You write our of your passion and out of your being and out of your soul."

The author of 11 books, Ross grew up in Syracuse and New York feared everything from his own death to paper cuts. He was haunted by guilt. Claustrophobia kept him from visiting his sons' apartments had in the beginning," Ross writes.

She does make it clear that she same inventiveness, use same humor, the same textures as it had in the beginning, "Ross writes.

She does make it clear that she utioners of a style of fly-on-the-writer wall reporting in which the writer wall report wall City and worked hriefly for the never directly imputes motivation.
"I don't intellectualize too

much." she said, when asked about the motivations of the characters in ately gave up smoking. He was her memoir. "I'm not particularly comfortable with it. You feel what you feel, and you go on what you feel. And you're guided by your own

PEOPLE



Dana International after the Eurovision contest.

THE Israeli transsexual Dana International conquered L Europe with a song, but she hasn't got a prayer with Israel's ultra-Orthodox Jews. "To win the Eurovision after 20 years, we ultra-Orthodox Jews. "To win the Eurovision after 20 years, we had to send a gimmick," complained Rabbi Shlomo Benizri after the singer won the annual contest. Benizri, of the ultra-Orthodox Shas parry, added: "God is against this phenomenon. It's a sickness you must cure and oor give legitimacy." Dana International, born Yaron Cohen, a male, underwent a sex change four years ago. With a tune called "Diva," she defeated musicings representing 34 other countries. musicians representing 24 other countries.

Sonny Bono is gone, but he and Cher are still close. The singer-actress, who gave a moving eulogy for the congressman after he died last winter in a skilog accident, says in the May 16-22 issue of TV Guide that she communicates with the eotertainer-turned-politician through a spiritual medium. "He told me things only Sonny could have known," Cher said.

ABC restored David Brinkley as a spokesman for Archer Daniels Midland Co. on the network's Sunday public affairs program "This Week With Sam Donaldson & Cokie Roberts" after a four-month absence. In January — six weeks following his retirement from "This Week" — the network pulled an ADM campaign featuring Brinkley after only two weeks, citing a potential for "audience confusion." Some in the media also criticized his appearing in ads on a program he had anchored for

15 years, saying he was "selling out." The two ADM ads broadcast Sunday had been modified "to make David's role with them as a company spokesman very clear," ABC said.

The latest album from Madonna may be heavy oo spirituality hut Indian purists are oot happy with her handling of an ancient Sanskrit prayer. Scholars in the holy Hiodu towo of Benaras told the United News of India that the pop diva had mispronounced the prayer "Shatti" in a song on the album "Ray of Light." A professor of Sanskrit. B.N. Chaturvedi,

Allegations of Cousteau Fakes

Conselled in Old Staff From Desput he

ONDON - Members of Jacques Cousteau's under-Lawater film team say the late oceanographer faked some scenes in his documentaries, The Sunday Times reported. In one case, footage of an octopus scrambling out of a tank and hopping overboard was obtained by pouring bleach in the tank, the paper said.

Sir Peter Blake, who hecame head of the Cousteau Society after Cousteau's death last year, said that he did not know much about the allegations, but that he had seen the team work and that it could not be faulted for professionalism. (AP. AFP) said: "It is one thing to make a mistake in ordinary conversation but another to chant it incorrectly." Scholars say shanti should be pronounced with a clipped "e" sound instead of a long "e" sound.

Linda McCartney has been posthurnously awarded the Ellis Island Medal of Honor. The wife of Paul McCartney and a longtime crusader for vegetarianism, McCarmey died of cancer last month at 56. She was one of 120 people honored at the ceremony on Ellis Island, where immigrants were pro-cessed before entering New York City. Others cited at the 12th annual awards ceremony included Dith Pran, whose story was told in "The Killing Fields." and the gold-medal, winning U.S. Olympic women's hockey team. The awards are given by the National Ethnic Coalition of Organizations to honor a variety of efforts to "enrich or invigorate society."

The author Robert Fulghum, whose best-selling books include "All I Really Need to Know I Learned in Kindergarten," began his address to graduates of Syracuse University by singing the children's soog "Itsy-Bitsy Spider." He said the song's metaphors teach children the same lessons the 5,000 new graduates should apply to their lives - the possibilities of discovery. "Like the spider, we have gone out for hundreds of thousands of years, not to play but to go into dangerous places. to find out what's out there, up there," he said.



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By Joel Brinkley computer i: wot WASHINGTON — Federal and State space Municipalizing antitrust suits Mai Rans ind a carly as Thursday 10 block the marketing ' I don and toursuay to process and the says of Windows 98, officials on their ha PC cased is some of the leading U.S. personal or Windo Special manufacturers are greeting than a short manufacturer and the short manufacturers are greeting than a short manufacturer and the short manufacturers are greeting than a short manufacturer and the short manufacturers are greeting than a short manufacturer and the short manufacturers are greeting than a short manufacturer and the short manufacturers are greeting than a short manufacturer and the short manufacturers are greeting to the sh nett. a sp Co. "Our at record de the lustice Department has nor Anoth computer the releas

salped as precise strategy, state 31as mend have made no secret of mercy in plocking the release of adorg 38 which is scheduled to be to computer manufacturers and son Microsystems Inc., a batter of Microsoft, filed a suit in Federal A on Therefore has was intended to distribute the release of Windows 98 until the release of W

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